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WHAT'S COOKING?

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EXCLUSIVE LIBERTY SHOPPING DAY

£11,000 of Liberty gift vouchers to be won plus a holiday in Thailand - see page 23

Airline in secret check on blacks

British Airways photocopying passports of black passengers

PETER VICTOR

British Airways is covertly photocopying the passports of black passengers as they check in to travel on transatlantic routes to America.

The airline claims it is obliged to do this under United States federal aviation rules, but the US Federal Aviation Authority denies involvement.

Bernie Grant, Labour MP for Tottenham, is calling for legal action against the airline under the Race Relations Act.

BA's policy of photocopying black passengers' passports came to light after Tony Kelly, a British-born black probation officer, complained when his passport was taken away and photocopying without his permission as he checked in at Birmingham Airport for a family holiday in the US and the Caribbean.

Mr Kelly, 40, was travelling with his wife and daughter. He said: "We booked the tickets months before we went, through American Express, but when we got to the check-in desk the stewardess told us there was a problem with our seat reservations and they would have to take our passports to sort it out."

"After we had been standing there for some time a different stewardess came out and said 'Sorry to keep you for so long but the photocopying has broken down. We'll let you have the passports back as soon as we've photocopyied them.' I was furious."

He wrote a letter of complaint to BA's customer relations department, demanding to know why his passport had been obtained "by such sneaky, conniving and underhand means".

In response, Jane James, of the customer relations department, wrote: "It is a US Federal Aviation ruling that all ethnic passports must be checked and photocopyied if deemed necessary."

But a spokesman for the FAA denied this: "We don't ask airlines to photocopy people's passports. We have increased security recently, but this is nothing we know anything about. I've spoken to our security people and they said 'It must be another FAA'."

Mr Kelly was so infuriated by the reply from Ms James that he lodged a complaint with the Commission for Racial Equality (CRE) on Monday.

He also wrote to all the black MPs and Bernie Grant has taken up the case. A spokesman for the CRE said it would be pursuing the matter: "We have used Section 20 of the Race Relations Act in the past against pubs and clubs. If we can show victimisation under the legal definition of the Act and we have the evidence then we could use S20 in this case."

"If BA is requiring people of a particular background to hand over their passports for photocopying that is clearly discriminatory. We would ask, why aren't whites being targeted?"

BA said yesterday the practice had been adopted to safeguard against the imposition of severe penalties - \$3,000 (£2,000) - for carrying passengers without the correct documents. "Some passengers have been known to destroy their documents in flight. It is not restricted to black passengers at all," said the airline. It added that security firms employed by other airlines photocopyed passports in a similar way.

Mr Grant said the whole business was outrageous: "This is what happens when the Government hands over its responsibilities to private companies. We do not intend to let the matter rest. We are going to pursue this through the courts."

American Airlines, BA's rival on transatlantic routes out of Birmingham Airport, said it never photocopyed passengers' passports: "What would we do that for? It would cause chaos."

World condemns Nigeria over death sentences



Face off: A demonstrator outside the Nigerian Embassy in London protesting at the death sentence on author Ken Saro-Wiwa

Report, page 14; Photograph: David Sandison

Rabin murder plotted by group, Israel says

PATRICK COCKBURN
Jerusalem

The Israeli government yesterday said Yigal Amir did not act alone and was a member of a broader conspiracy to kill Yitzhak Rabin. "We think that there was a connection between a group of persons who planned and arranged the assassination of the prime minister," said Moshe Shaleh, the Minister of Police.

"We think they established a form of organisation to assassinate the prime minister and other political persons based on their ideology to try to prevent the peace process," Mr Shaleh said. Just before he spoke, police arrested two more suspects, bringing to five the number now held. They also uncovered a large cache of arms at Amir's house.

In court in Tel Aviv, a judge ordered Dror Adani and Ohad Skornik to be remanded in custody. The police suspect Mr Adani, who first met Amir at a seminar where they combined military and theological studies, of complicity in Rabin's murder. Mr Skornik, who went to Bar-

Ilan university, near Tel Aviv, is suspected of knowing of the assassination plot.

Mr Shaleh said Amir could not have carried out the killing by himself: "Without the infrastructure supplied to him by other persons, it would have been impossible to assassinate the prime minister."

In the search of Amir's home police found explosives, fuses, delayed action devices and grenades big enough "to make any terrorist group proud." The assassination itself was carried out with a 9mm beretta using dum-dum bullets made by Hagai Amir, the killer's brother.

Both Amir brothers are now under arrest. They were joined on Wednesday by Avivash Raviv, 28, head of the fanatical anti-Arab group Eyal, who says he did not take Amir's talk of assassinating Rabin seriously.

"You ask did he [Amir] say something... OK, so he did. But I didn't know about his intentions or I would have reported it," he said. Police say they consider Mr Raviv a catalyst in the murder.

In court yesterday, Mr Adani prayed and Mr Skornik covered

his hands with his jacket. Mr Shaleh says more arrests are expected. Eyal, which is believed to have had fewer than 20 active members, started in the early Nineties at Tel Aviv university as a splinter group from Kach, a racist anti-Arab group founded by Rabbi Meir Kahane who was killed in the New York.

In August, police arrested a member of Eyal for beating a Palestinian woman outside Orient House, the PLO's Jerusalem headquarters.

Despite the police action, the government has limited the crackdown on the extreme right. The brief of the inquiry into the assassination is limited to the event and will not extend to the role of extreme right-wing and religious groups. The government is nervous of taking on the religious establishment, as Shimon Peres, the acting Prime Minister, wants to bring at least one religious party into his government. However, a member of the Shin Bet security police told the daily *Haaretz*: "We are looking into the possibility that rabbis gave moral and religious legitimacy to such an action."

Rabin inquiry, page 12

Inquiry called into leak of arms-to-Iraq papers

RHYS WILLIAMS
Media Correspondent

The Lord Chief Justice, Lord Taylor, yesterday asked Sir Nicholas Lyell, the Attorney General, to investigate how confidential government documents disclosed to the defence in the Ordish arms-to-Iraq trial were leaked to the *Independent*.

On Tuesday, the Court of Appeal overturned the convictions of four businessmen involved in exporting military components to Iraq on the grounds that they had been denied a fair trial because vital documents, detailing contacts with the security services, were withheld by the Government.

At the end of the appeal, Lord Taylor warned that the documents had been made available "for the purpose of the appeal only" and were to be returned immediately on completion of the hearing. He said that any further reproduction of the material, either on television or in newspapers, would be referred to Sir Nicholas.

The Lord Chief Justice said sections of three documents

had been reprinted in Wednesday's edition of the *Independent*, one on the front page and two on page two. "It would appear at first blush that there has been a clear breach of the court's order. It is clear also that the documents only got there by going through someone who had access to them during the hearing," Counsel for the four men - Paul Grecian, Stuart Blackledge, Bryan Mason and Colin Phillips - assured Lord Taylor that the documents and copies of them had been kept secure and were now in the process of being returned to the Crown.

Nevertheless, the Lord Chief Justice ordered legal teams representing the four men to return all disclosed documents by Monday. "I'm sorry to say that this exercise has to be conducted, but it is perfectly obvious that it is necessary. Somewhere along the line there has been a leakage of some kind and we propose to refer the matter to the Attorney General to investigate."

Lord Hargreaves, editor of the *Independent*, was in court. He said afterwards: "So far as I'm concerned, the *Independent* was reporting a matter of great public interest to the fullest extent possible consistent with our understanding of the Lord Chief Justice's position."

Harrods charges £1 to spend a penny

JOJO MOYES
and BEN SUMMERS

They come because it promises "all things for all people everywhere". They come because it is the most famous department store in the world. They come because there are no public lavatories between South Kensington and Hyde Park Corner.

Now, because of the number of people who spend pennies in Harrods without spending their

pounds, those caught short in the legendary London store will soon have to pay £1 to use the toilets.

"We've received a lot of complaints from our regular customers that they're standing in a queue of 20 people who have come in just to use the toilets," said a spokesman for Harrods yesterday.

The charge will come into effect early next year, when contractors finish a £1m facelift of all 13 lavatories.

The store first introduced the fee at its first-floor luxury lavatories in June 1994 but all the rest remained free of charge. The spokesman said that some customers had complained about charging but he said more had welcomed it. "In the main people don't mind spending a pound to spend a penny," he said.

Harvey Nichols, Selfridges and Fortnum and Mason said yesterday they had no intention of charging for lavatories.

For 20p the City of Westminster offers musical, self-cleaning units. But Harrods said its new facilities more than justified the entrance fee.

"We are adamant that there's nothing quite like them as far as the level of service is concerned," the spokesman said. "The refurbished toilets will have marble floors, mahogany fittings and brass fittings [sic]. There are hairdryers for those who get caught in a shower. Some even have payphones."

COMMENT

Germaine Greer: The working woman gives up on Sainsbury's. Page 17

Rupert Cornwell: Why sane men prefer not to run for president in the United States. Page 17

News Analysis: What's really going on at Conservative Central Office? Page 15

Wilkes's Diary: Sir Patrick Mayhew, a gentleman's gentleman among car dealers. Page 15

Leading article: "There is no reason why the rest of the country should subsidise idleness... it is entirely reasonable to expect unemployed people to accept certain obligations alongside new opportunities." Page 16

Weather: England and Wales will be mild with rainy spells. Scotland and Northern Ireland will be bright and frosty with showers in some areas later. Section Two, page 37



BRITISH AIRWAYS

Customer Relations

Dear Mr Kelly

Further to our letter of 20 October we have received additional information which I feel should be related to you.

Upon further investigation, I would like to clarify that it is a US Federal Aviation ruling that all ethnic passports must be checked and photocopyied if deemed necessary.

'All ethnic passports must be checked': Part of a letter to Tony Kelly from BA's Customer Relations department

IN BRIEF

Labour's £1bn jobs package

Staying in bed and living on benefit will no longer be an option for young people under a Labour government. Gordon Brown, the Shadow Chancellor, said as he announced a £1bn package - funded by the windfall profits tax on the privatised utilities - of proposals to get young people off welfare and into work. Page 2

Health fears

Rising levels of job insecurity among white-collar workers will mean poorer health in the general population, according to a comprehensive study of the before-and-after effects of threatened redundancy. Page 10

Ireland drugs gateway

Ireland's largest-ever seizure of cannabis, a 15-tonne consignment with an estimated value of £150m (£153m), has again highlighted the use of remote parts of the country's coastline as a back door for bringing drugs to British and European markets. Page 5

Protesters' target

Police will escort and protect two French naval vessels visiting Britain which could be the target for protesters against France's nuclear-test programme. Page 2

Bosnia deal to be signed

The US Secretary of State, Warren Christopher, will travel to Dayton, Ohio, today to see a deal signed between Bosnia and Croatia that could be the first concrete achievement of the summit talks. Page 13



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DIRECT LINE

A member of the Association of British Insurers and of the Insurance Compensation Bureau. Not available in Northern Ireland.

French naval visit may be marred by protest

IAN MACKINNON

Police fear that two visits by French naval vessels to Britain, due to begin today, could be the target of protesters angry over the Paris government's nuclear testing programme in the South Pacific.

A major operation involving police from three forces will escort and protect the vessels from the moment they arrive in the Thames estuary, and while they are docked at their desti-

nation in London's docklands. Metropolitan police will have the added threat posed by the arrival in London of the *Pacific Pintail*, the ship used to transport nuclear waste from Britain to Japan.

Officers involved in the operation to protect the vessels fear that the protesters may deploy similar tactics to those used in the past in an attempt to block the ships' progress along the Thames, using nets across the river, inflatable and

divers. The primary concern is that, because of the water temperature, and the darkness in which most of the shipping movements will take place, protesters could be injured or even killed in their efforts to make their point against the French testing in the Muroroa atoll.

In an effort to relay their fears, senior Scotland Yard officers are understood to have attempted in vain to contact the main anti-nuclear groups to discuss their plans, while

recognising their right to protest.

Vessels from Kent and Essex police force will accompany the first visitors along the Thames when they arrive in the early hours of this morning. Police will then provide a cordon from the time the ships, a frigate, two patrol and five training craft, tie up at West India dock until they leave on Monday. A second delegation, consisting of a French diesel submarine, five training ships

and two other vessels from the Dutch and Belgian navy, is due to arrive the following Monday and leave on Thursday.

Police will be responsible for policing the visit on water, with the help on land of security staff employed by the Docklands Development Corporation.

But the French navy will be responsible for the security of their own vessels, which have sovereign status, and it will be for them to deal with any protesters. Greenpeace last

night refused to reveal whether it is planning any protest against the ships.

Spokeswoman Kate Johnston said: "Our feeling is that for Britain to welcome any French military vessel at this time is a slap in the face for the British public, which has shown it is against French nuclear testing. We think it is a pretty disgusting insult that John Major is giving to the British public."

"The Commonwealth is against French nuclear testing and here is Britain, the head of the Commonwealth, welcoming French military vessels."

Shadow defence secretary Dr David Clark said: "It is an inopportune moment for the British Government to have invited French warships to visit London, at the very time when so many British people are appalled and opposed to French nuclear testing."

He added: "I think this is very insensitive indeed."

IN BRIEF

£1.3m for boy, 8, with mind of baby

An eight-year-old boy left with the mind of a baby after being awarded £1.3m agreed damages yesterday in the High Court.

Daniel Brereton, born at the North Staffordshire Maternity hospital, Stoke on Trent, in 1987, suffered oxygen starvation for five hours before staff acted. Cared for by his parents, he suffers from cerebral palsy and spastic quadriplegia, is almost blind and has the mind of a six to nine-month-old.

North Staffordshire Health Authority admitted liability.

Lottery win inquiry

Camelot, the National Lottery organiser, called in police to investigate the case of a 15-year-old boy who won £10,000 on a scratchcard. Clayton Beech, of Scholar Green, Cheshire, bought his £1 ticket from a newsagent and claimed his winnings with his mother, who said she had asked him to buy it. By law players anyone buying a card must be 16 or over.

Steroids alert

Bodybuilders can develop kidney cancer by taking anabolic steroids, researchers said. In a letter to the *Lancet*, doctors from two hospitals reported the cases of two 26-year-old bodybuilders who took steroids and contracted the disease, unusual in those under 30.

Car advert misled

Nissan was found guilty of giving misleading information in a newspaper advertisement in a case that could have ramifications for the motor industry. The company was fined £2,000 by Scarborough magistrates for providing misleading information in an advert that listed a Serena model at £13,415 in 36mm high type with print only 1mm high further down the page detailing a further £425 to pay for delivery.

Nelson note sold

A dismissive letter from Admiral Lord Nelson in response to a request for information about the qualities of a former servant fetched £8,250 at auction.

HIV increase

Forty new HIV cases have been reported in Scotland, figures show. It brings the total number of known HIV carriers north of the border to 2,338, of whom 1,767 are male and 571 female.

Crop of trouble

A farmer who grew crops over public footpaths and bridleways was fined £1,950. Malcolm Metcalfe, admitting allowing wheat and rape to cut off ancient paths around Gilling West, in North Yorkshire.

Michael Howard

On Wednesday we reported the Ordite appeal in which the convictions of four men for supplying arms to Iraq were overturned on grounds that vital documents had been withheld by the Government. We referred to Public Immunity Certificates signed by ministers Kenneth Baker and Peter Lilley at the trial and by Michael Howard and Douglas Hurd at the appeal.

At Mr Howard's request, we are happy to make clear that the PII certificates that he and Mr Hurd signed invited the Court of Appeal to order full disclosure of relevant documents, including only sensitive names and references not affecting the case. With minor adjustments these certificates were approved by the Court of Appeal.

THE INDEPENDENT ABROAD

Austria	£5.00	Norway	£5.00
Belgium	£5.00	Poland	£5.00
Canada	£10.00	Portugal	£5.00
Czech Rep.	£5.00	Spain	£5.00
Denmark	£5.00	Sweden	£5.00
France	£5.00	Switzerland	£5.00
Germany	£5.00	USA	£5.00
Greece	£5.00		
Ireland	£5.00		
Italy	£5.00		
Japan	£5.00		
Netherlands	£5.00		
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Portugal	£5.00		
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Switzerland	£5.00		
USA	£5.00		

OVERSEAS SUBSCRIPTIONS
Air mail, 13 weeks Europe £130.00; Zone 2 £140.00; Zone 3 £150.00; Zone 4 £160.00; Zone 5 £170.00; Zone 6 £180.00; Zone 7 £190.00; Zone 8 £200.00; Zone 9 £210.00; Zone 10 £220.00; Zone 11 £230.00; Zone 12 £240.00; Zone 13 £250.00; Zone 14 £260.00; Zone 15 £270.00; Zone 16 £280.00; Zone 17 £290.00; Zone 18 £300.00; Zone 19 £310.00; Zone 20 £320.00; Zone 21 £330.00; Zone 22 £340.00; Zone 23 £350.00; Zone 24 £360.00; Zone 25 £370.00; Zone 26 £380.00; Zone 27 £390.00; Zone 28 £400.00; Zone 29 £410.00; Zone 30 £420.00; Zone 31 £430.00; Zone 32 £440.00; Zone 33 £450.00; Zone 34 £460.00; Zone 35 £470.00; Zone 36 £480.00; Zone 37 £490.00; Zone 38 £500.00; Zone 39 £510.00; Zone 40 £520.00; Zone 41 £530.00; Zone 42 £540.00; Zone 43 £550.00; Zone 44 £560.00; Zone 45 £570.00; Zone 46 £580.00; Zone 47 £590.00; Zone 48 £600.00; Zone 49 £610.00; Zone 50 £620.00; Zone 51 £630.00; Zone 52 £640.00; Zone 53 £650.00; Zone 54 £660.00; Zone 55 £670.00; Zone 56 £680.00; Zone 57 £690.00; Zone 58 £700.00; Zone 59 £710.00; 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Narcotics trade: Lonely Atlantic coastline makes it easy for traffickers to land unseen

Ireland used as drugs gateway to Britain

ALAN MURDOCH
Dublin

Ireland's largest-ever seizure of cannabis, a 15-tonne consignment with an estimated value of £1.5m (£153m), has again highlighted the use of remote parts of the country's coastline as a back door for bringing drugs to British and European markets.

The latest cargo brings to well over £1.5m the value of drugs seized in Ireland in the past three years, but *gardai* accept that this may be only a small percentage of the total actually landed. The cannabis was discovered in a container trailer near the village of Urlingford in County Tipperary late on Wednesday, in a raid brought forward after news of the sun-illuminated operation was leaked to journalists in Cork.

Gardai believe this week's Tipperary consignment was brought in by Dublin criminals who are known to supply dealers in London and Manchester. The seizure is the latest in a series of large-scale cannabis imports in recent years, taking advantage of Ireland's largely unpatrolled 2,000-mile coastline.

Without a comprehensive coastguard system of its own, Ireland is pressing for the set-

ting up of an EU-wide network, and a strengthening of Europe's embryonic drugs squad, the Europol Drugs Unit. Dublin ministers have indicated that improved anti-trafficking systems will be a key objective of next year's Irish EU Presidency.

Previous seizures include the recovery in late-1993 of several tonnes of sealed bales of the drug, worth £1.2m, from the sea bed off Kinsale in rural Cork. Traffickers had dumped the drug for later recovery – using sophisticated satellite navigation equipment to relocate the exact position.

A series of captures was made in the same year between Trillick and Rosscaire in west Cork, where a maze of fjord-like inlets makes surveillance especially difficult. And in July last year a similar cargo, worth £1.1m, was found on a quiet beach near Ballyconneely in Connemara.

Most of the drugs are thought to originate in north Africa, with wholesalers in Amsterdam providing a key link to local importers who control national distribution networks. But the Tipperary haul suggests complex routing may be necessary to evade detection.

Detectives have suggested that the cannabis originated in

Pakistan and was moved via Amsterdam and the US before being shipped back to Europe. Ireland has seven armed naval vessels patrolling Irish waters on both drugs and fisheries operations, and trawlers are routinely observed in an effort to identify unusual or suspicious movements. Prior to Wednesday's raid, an Irish Naval Service vessel, the *LE Deirdre*, tracked the movement of a petrol tanker supply vessel across the Atlantic.

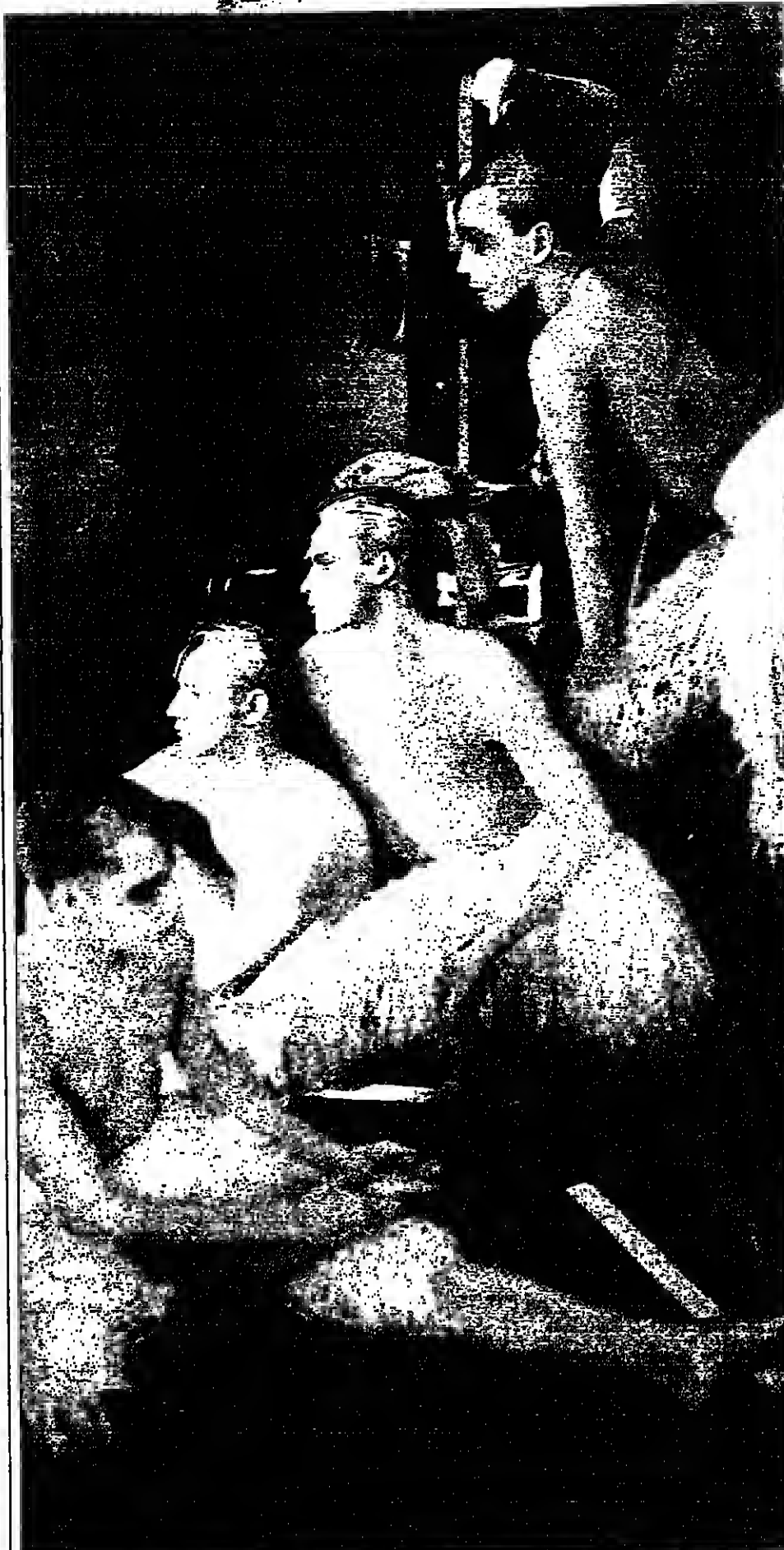
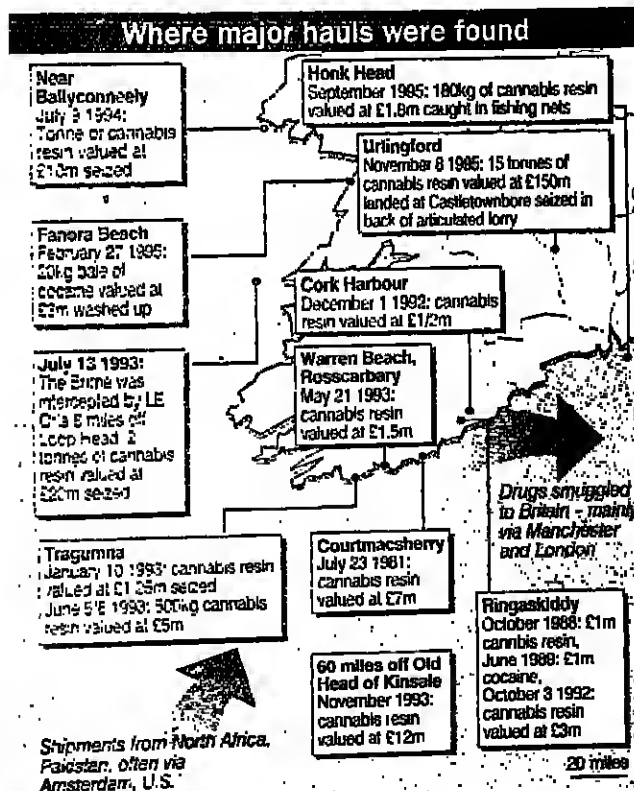
Several days ago the cannabis was transferred off the west coast of Ireland into a trawler which landed the cargo at the quiet fishing village of Castle-town. Customs spokesman Liam Hurley said that the identity of the main supply vessel is known and police forces abroad are being alerted.

The drugs were found in a trailer without registration plates close to the town of Urlingford hours after *gardai* in Dublin stopped suspects who were carrying £230,000, believed to have been for trafficking expenses. Three men and a woman from Finglas in north Dublin were questioned and may face charges.

Dubliners suspected of masterminding the consignment include a wealthy criminal linked to a large ecstasy manufacturing plant in west Dublin, raided by detectives in July and thought to have been set up to supply to both British and domestic Irish markets.

Wednesday's operation, after three weeks' surveillance, marks an early success for the new joint task force overseeing *gardai*, customs, naval and air services formed in response to the growing drugs threat, recently described by the Irish Prime Minister, John Bruton, as the biggest current threat to the security of the state. The drugs trade has led to attempted intimidation of senior *gardai* officers by armed traffickers. One Dublin inspector earlier this year had shots fired through the front windows of his house.

In an bid to fight back, new Irish legislation allowing tougher search and detention powers for *gardai* in drugs cases is expected to come before the *Dail* by the end of this year. An agreement to facilitate closer co-operation between British and Irish Customs services involved in fighting smuggling was signed in Belfast yesterday.



Swanning it: Dancers waiting for their cue at rehearsals for 'Swan Lake' by Adventures in Motion Pictures, which opened at Sadlers Wells last night. It stars the Royal Ballet Company's Adam Cooper and Fiona Chadwick. Photograph: Laurie Lewis

Children 'pawns for claiming benefits'

STEPHEN GOODWIN

Children have become pawns in access to benefits and accommodation, the president of the Conservative Family Campaign claimed yesterday in a scathing attack on the "perverse" effect of the tax and benefit system. Calling for a boost to the tax allowances of the working poor, starting with the married couple's allowance, Julian Brazier said government policy was discriminating against the traditional family. "A benefits system which encourages illegitimacy and the breakdown of marriage cannot be in the long term interests of a happy nation."

Mr Brazier, MP for Canterbury, made his attack in a pamphlet, *Hitting the Target*, published by the Conservative 2000 Foundation, the right-wing think tank set up by John Redwood, the unsuccessful Tory leadership challenger. Many of Mr Brazier's views echo those of Mr Redwood, particularly on single parents. "Some mothers are financially better off married to the state than to their children's father," he said. One of the moral revivalists who have made life difficult for Lord Mackay, the Lord Chancellor, over the divorce and domestic violence legislation, Mr Brazier said marriage and the traditional family had to be actively encouraged as the best hope for the nation's children. By 1994 there were 1.4 million single parent families, one million of them dependent on income support.

With the Budget less than three weeks away, he argued against a cut in the basic rate of income tax as it would do virtually nothing for the poorer 40 per cent of the population because of benefit withdrawal.

He called for the phasing out of differentials on income support and family credit between couples and single parents, starting with abolition of the lone parent premium. It was disclosed this week that Peter Lilley, Secretary of State for Social Security, is expected to abolish the £5.20 week LPP for all new claimants as part of a £1bn a year package of savings.

Waiting lists for hospitals 'at new low'

LIZ HUNT
Health Editor

The number of patients waiting more than a year for hospital treatment has fallen to a record low, according to government figures released yesterday.

A total of 28,204 people – around 3 per cent of the hospital waiting list overall – had been waiting more than 12 months at the end of September. In 1991, more than 150,000 patients waited over 12 months, with almost a third of them waiting for more than two years.

The provisional figures show that 42 patients were waiting more than 18 months – in breach of Patient Charter guarantees – and all but two of these were with the Royal Hospitals NHS Trust, in London.

Gerald Malone, the health minister, said this was "unacceptable" and steps had been taken to ensure most of these patients had now been treated. "I am delighted that the two year wait is now consigned to history. I hope it will not be long before the 18 month wait joins it there," he said.

Overall, the NHS waiting list is still more than a million people but Mr Malone said that the average time for waiting had fallen from more than nine months to four months over the last five years.

"We are very conscious that what matters to patients is not the size of the waiting list but how long they have to wait," he said.

He paid tribute to the "remarkable progress" hospitals and health authorities had made in reducing waiting times. "As purchasers get more involved in their contracts [with providers] they are driving waiting times down," he said.

However, a spokesperson for the Radical Statistics Health Group, which monitors government statistics, said the new data was inconclusive.

"We need to know the extent to which hospital doctors are delaying putting patients on the waiting list," she said. "We need to know what proportion of patients are self-deferred – those who have been given admission dates but who defer

NHS waiting lists	
Region	
North/York	146,948
Trent	93,862
Anglia/Oxford	108,675
N Thames	166,655
S Thames	151,814
South & West	118,947
W Midlands	86,842
N West	165,361
All regions	1,039,104
SHAs*	1,921
Total	1,041,025

* SHA = Special Health Authority

Numbers waiting at September 1995

to a later date, and we need to know about the severity of the conditions being treated.

"It may be that some people who have been waiting longer for less severe conditions are being pushed ahead of people waiting shorter times for more discharging conditions."

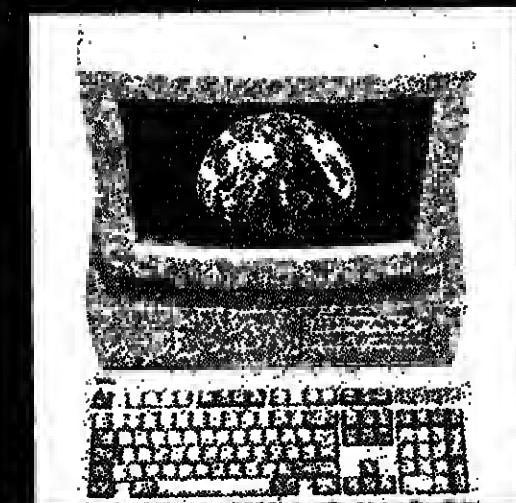
The provisional figures show that in the three months up to the end of September 1995, 1,041,025 patients were waiting for hospital treatment, a fall of 0.6 per cent since the last quarterly figures in June. Of these, 1,039,104 had been waiting for 0 to 11 months; 28,162 for 12 to 17 months, and 42 for 18 months or longer.

A spokeswoman for the Royal Hospitals NHS Trust said that at present there are 11 patients who had been waiting over 18 months. Nine of them had admission dates and will be admitted within the next six weeks.

She added that two wards – a 24 bed medical ward and a temporary eight bed ward – had been opened at the trust hospitals to deal specifically with the problem of long waiters.

Stephen Dorrell, Secretary of State for Health, announced an "efficiency scrutiny" to reduce bureaucracy in NHS trusts and health authorities. He has established a special task force to eliminate unnecessary paperwork, following a similar initiative in GP practices.

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news

Deprivation: Gap between rich and poor is widest in the capital, poverty researcher says

Inner London 'most deprived area of country'

GLENDIA COOPER

All but one of the inner London local authority areas fall into the 20 most deprived in England, and inequality within the capital means unemployment is eight times that in the richest.

Not even the "leafy suburbs" of outer London are exempt, with pockets of poverty living "cheek by jowl" with the "extremely wealthy", according to figures produced by Carey Oppenheim, senior lecturer at South Bank University.

Such contrasts have been growing inexorably over the past 20 years and are reflected throughout the country. Ms Oppenheim told the inaugural meeting of the London region of the National Local Government Forum.

But while all regions have struggled to deal with poverty "the inequality is sharper in London", she said.

In 1979, 9 per cent of people lived in poverty (defined as 50 per cent of average income after housing costs). By 1992-93 this had jumped to 25 per cent. For children, the figures are

worse. Ten per cent of children lived in poverty in 1979. This had reached 33 per cent - 4.3 million - by 1992-93.

The worst affected groups are, unsurprisingly, single parents, of whom nearly 60 per cent live in poverty. More than one-third of single pensioners live in poverty and 26 per cent of pensioner couples are poor.

Newham is the most deprived local authority in England, followed by Hackney. Westminster comes fourth. The one inner-city authority that escapes the deprivation table is the City of London.

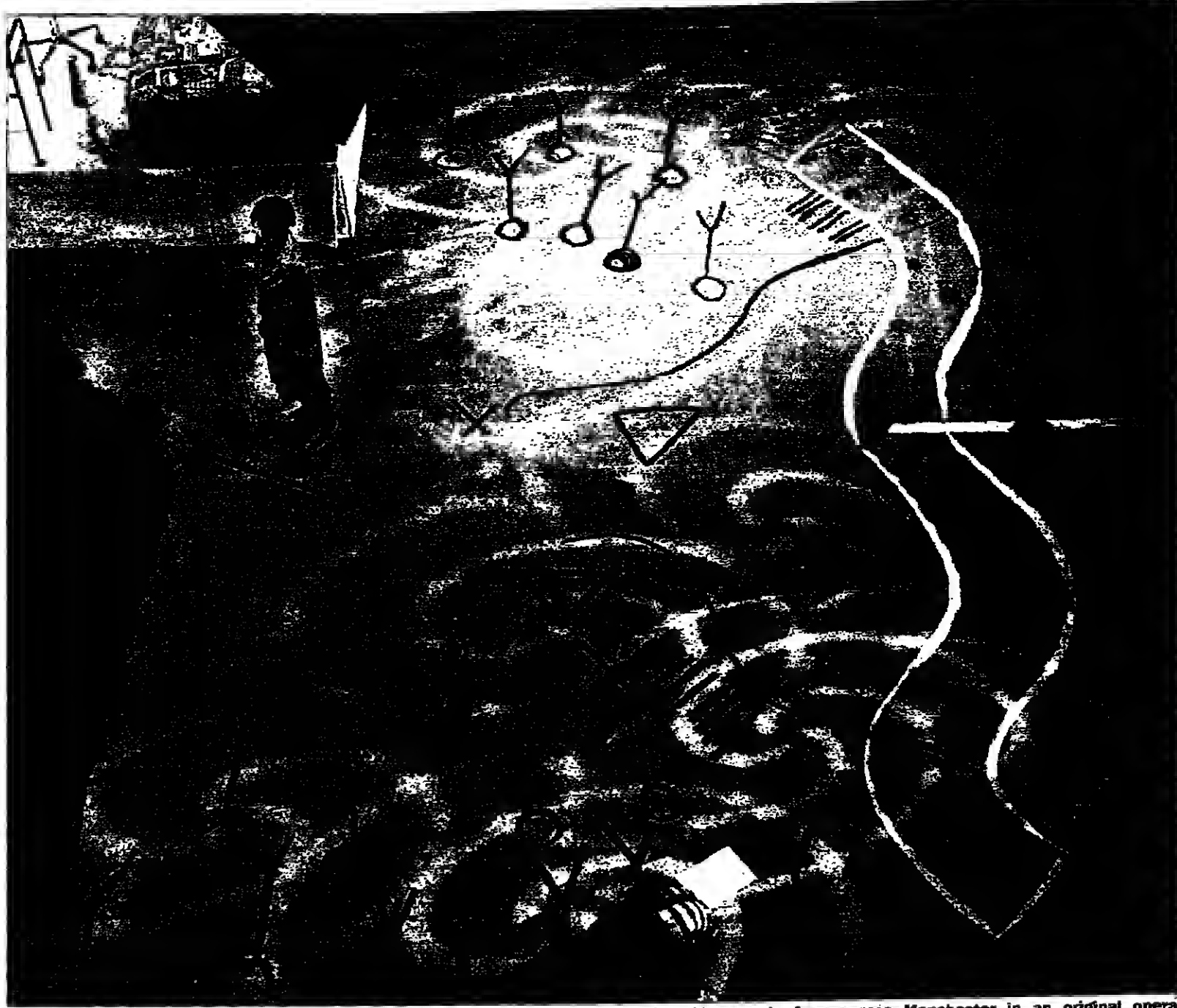
The local authority areas outside London in the 20 most deprived are the Sefton, Liverpool, Knowsley, Birmingham and Kingston-upon-Hull. The two outer London authorities which figure in the table are Waltham Forest and Brent.

Within local authority areas standards of living can differ widely, but wards in the East End borough of Tower Hamlets dominate the 10 worst wards in terms of multiple deprivation - six of the list are from that area. The 10 with the highest standards of living are dominated by

Sutton, in Croydon, south London, and Havering, east London. Spitalfields, the worst ward, has a jobless rate eight times that of Upminster, in Havering, or Selsdon, in Croydon. Overcrowding is also worse. In the richest wards less than 1 per cent of people live in overcrowded households - Woodcote in Sutton has a rate of 0.3 per cent - compared with 29.8 per cent in Spitalfields.

"London is a particular case," Ms Oppenheim, who worked previously with the Child Poverty Action Group, said. "It combines extremes of wealth with extremes of poverty living cheek by jowl. It reflects what goes on nationally... but the inequalities are more extreme."

Simon Hughes, Liberal Democrat MP for Southwark and Bermondsey, said that the forums on poverty around the country must unite to form a national strategy. "The gap between rich and poor is widening in nearly every country in the world. It is widening between countries, but it has widened more in this country than in any other comparable one over the last 10, 15 or 20 years."



Leading light: Singer-actress Natasha Bain, is one of two professionals leading 130 people from across Manchester in an original opera, *Remembering Eden*, presented yesterday with the BBC Philharmonic as the orchestra's 60th anniversary community project. Photograph: Craig Easton

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Assault law 'should protect children'

SHAUN CONNOLLY

Adult assault laws should be extended to cover children in order to make smacking socially unacceptable, according to the authors of a two year study into children and violence.

Allan Levy QC, one of the panel responsible for the report, claims that present laws help promote children's suffering rather than deter it.

At the launch of the findings of the commission on children and violence yesterday he called for changes in the law to transform social attitudes on hitting children.

Mr Levy, a barrister specialising in child law, said: "Only 'unnecessary' harm to children is outlawed at the moment. This sends out completely the wrong message."

"Some of the laws in this area are at present promoting rather

than reducing violence against children. I would support extending assault laws to cover children. It would be very difficult to get a conviction for smacking, but it would send out the right message."

Another member of the commission, Prier Newell, co-ordinator of End Physical Punishment of Children (Epoch) added: "The law needs reform with adult assault laws being extended to children."

"But I doubt if anyone would get prosecuted for smacking a child because it would probably be treated like a trivial assault between adults, as now."

The commission wants to give any form of violence against children the same social stigma as drink driving or racism. Sir William Utting, its chairman, said: "Occasionally smacking a child might not do much damage to that child,

but it will reinforce the attitudes of other adults who may go much further."

"We are not just talking about smacking but all forms of violence against children. People may say that being smacked as a child didn't harm them, but how do they know? I was smacked as a child - maybe I'd be a nicer person now if I hadn't been."

The commission also called for non-violent behaviour to be actively promoted in schools and other organisations and for a national campaign against bullying to be carried out.

Boxing should also be abolished and a stricter television watershed enforced, according to the report's findings.

The study, commissioned by the Gulbenkian Foundation, concluded that children are more often victims of violence than perpetrators of it.

Cycle of despair at heart of crisis of bad parenting

Today's report on *Children and Violence* makes dismal reading. The spiralling cycle of violence and abuse of children leads them to grow up to become violent and abusive parents. Ninety-one per cent of young people committing serious violent offences suffered severe abuse or trauma in childhood.

As a shopping list of solutions, some of the commissions recommendations seem a touch ineffectual and naive. Banning boxing may or not be a good idea but it is hardly central to the issue of catastrophic parenting. A plea to broadcasters "to realise the huge potential of the media for promoting pro-social behaviour and non-violent conflict resolution", seem a little unlikely to bear fruit.

Similarly, some of their admonitions to parents on smacking seem a little far from real life. If you stand in the supermarket queue and watch some parents whacking their chil-

dren, dragging them about, shaking them and yelling, the idea that "non-violence should be clearly and consistently preferred and promoted", doesn't seem much help.

However, someone needs to keep promoting best practice. In the face of official attitudes that are deeply ambivalent about violence to children.

An outcry followed a local authority's attempt to strike off the register a childminder who smacked her charges. The "moral" right, who think a good smacking never did them any harm, led a successful campaign to get her reinstated. Hitting children is not only often very tempting, but deep in the culture and hard to eradicate.

But the real problem is with disastrous parenting by those who were scarcely parented themselves. How do you break into that cycle of despair? Like most social problems, there may not be total solutions, but there are ways of making significant improvements - at a price. If there is the genuine political will, much can be done.

Take the Greater Shankhill Partnership: it has just received £4.7m from the EU and other sources to target every single birth in the area over the next years and prove what can be done to improve the children's social and educational prospects. About 400 babies a year are anticipated. A group of 50 local mothers are being trained to NYO standard and then employed to help each new young mother even before the baby is born. There will be a nursery place for each child. It may not be a cheap option, but nursery school is cheaper than prison.

Polly Toynbee

British Gas pulls out of Charter Mark award

British Gas is pulling out of the Charter Mark, the Government-sponsored consumer service standard, it announced yesterday. However, its chief executive Cedric Brown, who has been heavily criticised for his 75 per cent pay rise this year, denied the company was jumping before being pushed.

The move comes amid growing speculation that it would be stripped of the award by the Government after it emerged last month that complaints about its standards of service had hit record levels.

Mr Brown told BBC *Breakfast News* the decision followed the passing of the Gas Act in Parliament on Wednesday, which will force British Gas to separate its transportation operation from its gas supply business in an attempt to increase competition.

He said: "We think it is appropriate therefore to review the Charter Mark and we have decided that it no longer meets the requirements of the business."

In September Mr Brown issued a public apology to his 18 million customers after a record number of complaints about poor service. Complaints to the Gas Consumers Council reached 24,999 in the first half of 1995, compared with 24,359 during the whole of 1994, prompting speculation that British Gas would be stripped of the Charter Mark.

Labour's consumer affairs spokesman, Nigel Griffiths, yesterday called for an inquiry into "falling levels of service" at British Gas. "It is hard to believe that safety standards are not falling when consumers are complaining in record numbers about the service."

Roger Freeman, Chancellor of the Duchy of Lancaster and the minister in charge of the scheme, suggested Mr Brown had realised the Charter Mark may not be renewed. "I regret his decision but we did tell British Gas in April that if service to the customer didn't improve then we'd review whether the Charter Mark for British Gas would be renewed."

Union driver 'told he had no case'

A senior union official yesterday told an industrial tribunal that a member who had alleged racial harassment could not justify his claims.

Robert Badlan, the regional industrial officer for the General Municipal Boilermakers Union's London region, said he told Tahir Janjua that he felt he did not have a case.

Mr Badlan told the hearing in Croydon, south London, that when he first met the former chauffeur to the union's general secretary, John Edmonds, "it took me quite a while to find

out it was racial harassment". Pakistan-born Mr Janjua, 38, is claiming unfair dismissal on the grounds of racial discrimination.

Mr Badlan said he had told Mr Janjua that "the allegations he was making were very serious and, if pursued, someone could be facing the sack". Mr Badlan said he took independent legal advice, and "the opinion was that Mr Janjua did not have a case".

Mr Janjua, of Norbury, south London, had made an allegation of racial harassment against Edna Davis, the personal as-

sistant to the general secretary, only months after starting his job in February 1993. He was dismissed in March last year.

Mr Badlan, questioned by Gerry German, representing Mr Janjua, denied that he had told Mr Janjua what to say. "He told me he was mistaken about the racial harassment," Mr Badlan said. "At the end of the meeting he apologised... There was no prompting from me."

Mr Edmonds told the tribunal Mr Janjua caused problems in the office by insisting on

having his overtime sheets signed each day, "although it was not necessary".

Mr Edmonds said it was his job to investigate racial allegations and he did this by talking to all the parties concerned.

"When it came down to it, all we had were two allegations relating to one week only and that did not seem to me to be justification... There is no question that Mr Janjua's race figures in any way in the disciplinary procedures," he said. The hearing continues.

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news

England's heritage: Plans unveiled to transform tourism at ancient monument as modern urban sculpture wins design award

Fountain showered with praise

A woman and child play against the backdrop of Birmingham's "floozie in the Jacuzzi", who yesterday picked up her sixth award, writes Nicholas Schoon.

The dramatic renovation of Victoria Square won the premiere President's Award and the design award among the Landscape Institute's annual accolades. It features a group of statues by Dhruva Mistry, the largest of which – the river goddess nicknamed "the floozie" – is towards the rear of the picture. The square lies between the Council House and the Town Hall, both Grade I listed Victorian buildings. The renovation won praise for being modern, yet relating to the surrounding High Victorian architecture. Designed by the city council's landscape practice group with help from the Arts Council, it cost £4.6m.

Photograph: Dan Chung



New road is key to revamped Stonehenge

NICHOLAS SCHOON
Environment Correspondent

A new light electric railway at Stonehenge will ferry visitors from a huge new visitor centre to an observation point half a mile from the stones.

People who want to see Stonehenge close-up will have to walk the rest of the distance, although there will be special vehicles to ferry infirm and disabled people from the terminus.

Once there they will be able to walk to the centre of the 5,000-year-old stone rings – something that has not been allowed for the past 10 years.

The stones will be set among more than six square miles of rolling chalk grassland with neither roads nor fences. The public will be able to roam this archaeological parkland, a United Nations-designated World Heritage Site boasting more than 400 scheduled ancient monuments.

This was the vision unveiled yesterday by the National Trust and English Heritage, the Government conservation agency, yesterday. Next week they will apply for £25m of National Lottery money to the Millennium Commission to help realise it. But, more importantly, they need to persuade the Department of Transport to close the existing busy A roads which run next to Stonehenge and to build a bypass.

Next week a new set of negotiations starts between the two conservation bodies and the Highways Agency in an attempt to end their long-running quarrel over the future of the roads around Stonehenge.

The transport department wants to widen the A303 trunk road linking the M3 and the West Country along the stretch next to Stonehenge because it has become a bottle-neck.

This provides a one-off opportunity to grass over and close the road and bypass the World Heritage Site. But English Heritage and the National Trust say they are

bitterly disappointed by the latest proposals from the Highways Agency for a bypass north of Stonehenge.

"We've had a wasted year of discussions with them," Jocelyn Stevens, the English Heritage chairman, said. "Their proposals represent an absolutely appalling threat which would see the butchery of a World Heritage Site."

"This is a great battle we're having. They've got away with terrible road building because for much of the time they've only had local opposition who haven't got the expertise and resources we have."

Yesterday the two conservation organisations published their own detailed proposals for bypasses, both to the north of Stonehenge and more expensive than any of the agency's plans.

One has a 2.5-mile tunnel and would cost about £250m. The other has only half a mile of tunnel and would cost £54m. The Highways Agency says tunnelling would make the road unaffordable.

English Heritage looks after Stonehenge while the National Trust owns 1,500 acres immediately around it. The chairman, Lord Chorley, said that if the Government attempted to build any route which damaged this trust land it would use its special legal right to take the matter to Parliament.

Only once the roads problem is solved will the organisations be able to transform today's experience of visiting Stonehenge, which Mr Stevens called "infinitely disappointing".

The present 1960s visitor centre next to the stones will be demolished and a new "Gateway to Wessex" centre build two miles away, with extensive car parking, restaurants and possibly a large new hotel.

The light railway will lead from here to an observation point and a Stonehenge interpretation centre, mostly built underground. Visitor numbers are expected to rise from 700,000 to 1.4 million.

Class-size survey is blow to parents

JUDITH JUDD

Class size makes no difference to education standards except for the youngest children, says a survey by school inspectors to be published today.

The finding will infuriate parents who have been campaigning for more public spending on schools to stop class sizes rising. Polls show that most parents believe that smaller classes mean better education.

However, inspectors from the Office for Standards in Education who compared class size and standards in thousands of lessons found no correlation between the two except in the case of five- to seven-year-olds. Their report says the quality of teaching is paramount.

A marginal decrease in class size of three or four pupils would not improve achievement, the inspectors say. And they produce figures to show that the cost of big reductions would be prohibitive.

Their figures suggest that

the Labour Party's costing of its pledge to reduce class sizes to under 30 for five- to seven-year-olds is far too low. The party has promised to pay for its pledge with £60m saved by scrapping the assisted places scheme.

The inspectors' findings on younger children are supported by the most authoritative research on class size so far, the student teacher achievement project in Tennessee. It revealed that five-year-olds in classes of 15 did much better in maths and reading than in classes of 24.

The inspectors urge schools to use more classroom assistants to help in larger classes. There are more than one million primary school children in classes of more than 30 strong.

Gillian Shephard, the Secretary of State for Education, said last week: "There is no research that formally links marginal differences in class size with the quality of delivery. But clearly huge classes are more difficult to manage."

DAILY POEM

From Roads

By Edward Thomas

Now all roads lead to France
And heavy is the tread
Of the living; but the dead
Returning lightly dance:

Whatever the road bring
To me or take from me,
They keep me company
With their pattering.

Crowding the solitude
Of the loops over the downs,
Hushing the roar of towns
And their brief multitude.

Pat Barker's 1995 Booker winner *The Ghost Road* takes as its starting point the ante-peacetime verse (the first verse here) of Edward Thomas's long poem *Roads*. Thomas was one of 900,000 British soldiers who lost their lives in four years of relentless trench warfare in the flatlands of Flanders and northern France between August 1914 and November 1918. France lost 1,350,000 men, Germany and Russia close to 2 million each. The combined total of military and civilian deaths in the Great War has been estimated at 15 million.

Edward Thomas was killed at Arras in France in 1917 at the age of 39. His *Collected Poems*, edited by R George Thomas, are published by OUP.

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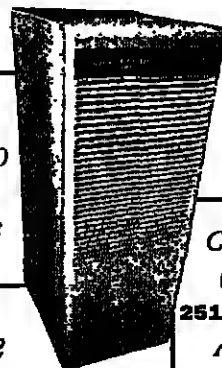
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Republicans queue up to do battle

Qualifications (if any)

Robert Dole. War-hero, long-term member of Congress, now Senate Majority leader, aged 72. Formerly known as a bad-tempered pragmatist, Senator Dole is making his third run for the White House, repackaged as a sweet-tempered right-winger.

Phil Gramm. Democratic turn-coat, economics professor, Texas Senator, aged 53. A convinced fiscal conservative, Senator Gramm has learned to recite the dogma of the religious right. But his unimpressive looks and thick southern drawl have undermined his well-heeled campaign.

Lamar Alexander. Former Tennessee Governor and Bush Education Secretary, aged 55. Running as an outsider, who would return power to the states. To attract attention, Mr Alexander has been walking across New Hampshire but his costly campaign remains equally pedestrian.

Pat Buchanan. Former Nixon and Agnew speechwriter, ultra-conservative columnist, aged 56. Anti-gay, anti-abortion, anti-government, anti-free-trade, Buchanan makes the others look centrist. Loud-mouthed darling of the Religious Right, but short of credibility and funds.

Richard Lugar. Indiana Senator, foreign affairs expert, aged 63. Respected but too nice, too lugubrious and too moderate to succeed in this race. Why is he bothering?

Arlen Specter. Lawyer, Pennsylvania Senator, former staffer on Warren Commission (which investigated JFK assassination), aged 65. A moderate, unimpressive pro-abortion Republican of the old school, Specter is detested by the Religious Right.

Robert Dornan. Fundamentalist Californian Congressman, Vietnam Veteran, aged 62. Dornan has a visceral, tribal hatred of all Democrats, starting with Mr and Mrs Clinton. Running to give himself more opportunities to pursue this hobby.

Steve Forbes. Publishing tycoon, son of the late Malcolm Forbes, supply-side economic guru, aged 48. Forbes, the most interesting man in the race, is spending millions of his own money (he can afford it) to push for a return to Reaganomics. Surprisingly successful so far.

Roll rating (Republicans)

39 per cent

19 per cent

8 per cent

19 per cent

9 per cent

9 per cent

8 per cent

13 per cent

Sound bite

"I haven't thought what I'll do... if I get elected at my age, you know. I'm not going anywhere. It's not an agenda. I'm just going to serve my country."

"I have the most reliable friend you can have in American politics and that is ready money."

"Let's go far with Lamar."

"Our western heritage is going to be handed down to future generations and not dumped into some landfill called multiculturalism."

"I believe I bring more to the table than the other candidates."

"I have a strong programme for cutting back on violent crime."

"I'm a former fighter pilot. I'm ready for what may be the toughest mission of my life. I do not know how far I'll go, but I will try."

"Start by scrapping the tax code. Don't fiddle with it. Junk it. Buy it. Replace it with a pro-growth, pro-family tax cut that lowers tax rates to 17 per cent."

Chances of nomination

Good, but could blow up.

Poor.

Poor.

Incumbent.

None.

None.

None.

Poor.

Powell leaves field clear for the dour and the dull

JOHN CARLIN
Washington

A gust of wind blew through Washington on Wednesday afternoon, at just around the time when General Colin Powell was announcing to a largely disappointed American electorate that he would not be running for the presidency next year.

Meteorologists said it was to do with high pressure over the Atlantic. Students of Washington politics might have interpreted the phenomenon as a collective exhalation of breath from President Bill Clinton, and the 10 candidates who have declared their intentions to run for the Republican presidential nomination.

President Clinton's sigh of "quiet relief" (as White House sources put it) reflected the widespread perception that General Powell would have defeated him soundly in a head-to-head electoral contest. But the man who has most cause for celebration is Bob Dole, whom the polls show to be far ahead

of the rest of the Republican presidential field.

Mr Clinton has not least won the big prize once. Mr Dole, the Senate majority leader, knows 1996 will be his last chance to fulfil an ambition that has been gestating since he first entered Congress in 1960. He is 71 and this will be his third attempt to become president. He failed early in the primaries against Ronald Reagan and George Bush in 1980 and 1988.

Mr Dole - whose Dickensian name aptly captures a dour, colourless disposition - would not have relished a fight against the immensely popular General Powell. Doubly gratifying for Mr Dole was the general's decision to unlock not one mystery but two: no, he wasn't running for elected office but yes, he did have his party political allegiances. He had just become a member of the Republican party, he announced at his Wednesday press conference.

This was a pleasing bonus for Mr Dole for, should he win the Republican nomination, he can expect to bask in the warm

glow of General Powell's public support. He may even be in a position to dangle before the electorate the tantalising proposition that, in the event of becoming president, he would appoint General Powell to his cabinet, possibly as Secretary of State - a position the general has said in the past that he covets.

Against Mr Clinton, Mr Dole will need all the help he can get. As the Washington mantra goes, Mr Clinton is a better campaigner than he is a president. Young enough to be the Kansas senator's son, he will not be outdone in energy. Mr Clinton is also a far more stirring orator than Mr Dole, who sometimes sounds so stilted as to convey the impression that he has difficulty reading.

The interest over the next four months, when the first Republican primaries come up, will centre on Mr Dole's party rivals. Will Pat Buchanan, the CNN talk-show host, so inflame the Republican faithful with his fervid right-wing rhetoric ("build a 2,000-mile Iron Curtain across the Mex-

ican border") that they will be persuaded to vote with their spleens and not with their heads, thereby handing Mr Clinton re-election on a plate?

Will they go for the marginally less zealous Phil Gramm, the Texas senator who looks like a turtle and brays like a mule? Mr Gramm pondered out loud earlier this year whether "someone as ugly as I am or as conservative could be elected". (The answer, the cherubic Mr Clinton would be happy to inform him, is no.)

Some speculation will also centre on Lamar Alexander, a former governor of Tennessee. He is neither abrasive nor militant. He is just plain nice. And a little dull. Mr Clinton's problem campaigning against Mr Alexander would be to keep his sarcasm in check, for fear that he would be seen by the electorate as a bully, gratuitously mean to the most inoffensive, most hard-working, slowest boy in the class.

The sense of deflation with which the American public responded to the news that Gen-

eral Powell was not running coincided with audible groans of despair from the media contingent condemned to cover next year's campaign. They feel like football reporters might who, hopeful of covering the Premiership, are assigned by their editors to the English League.

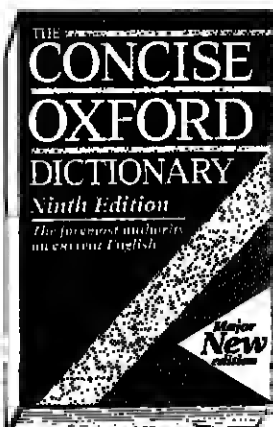
Which was why, within minutes of learning of General Powell's decision, Washington journalists sought to lift their spirits by suggesting on the television talk-shows that Newt Gingrich might contemplate a late entry into the Republican race. The attention-loving Speaker of the House teasingly responded that he would finally decide in early December.

Mr Gingrich would be unwise to say yes. He lags far behind Mr Clinton in popularity - an ABC television poll on Wednesday showed that, one-on-one, he had 26 per cent approval ratings, to Mr Clinton's 68 per cent. Mr Gingrich, whose bombast disguises a calculating political mind, is likely to disappoint those thirsting for fun and fire in American presidential politics.



Quiet relief: The Clinton camp feared being beaten by Colin Powell Photograph: AP

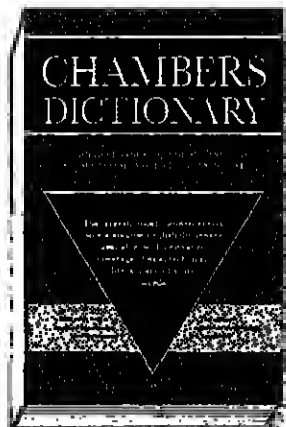
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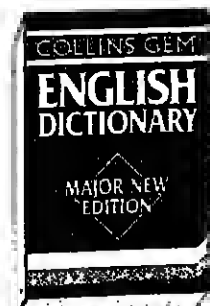
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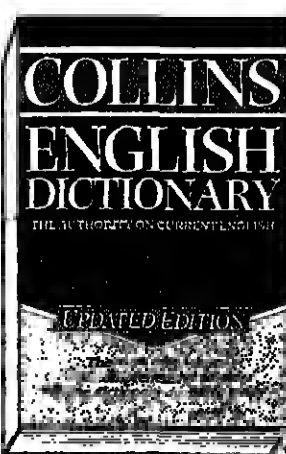
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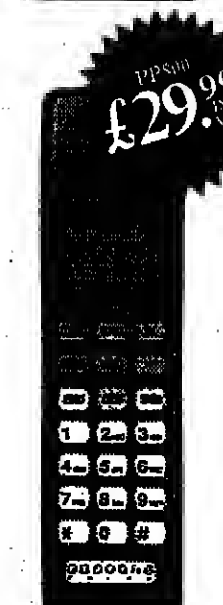
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12
international

Search widens: American groups accused of funding extremist Israeli factions and of exporting activists to the Jewish state

Rabin assassination inquiry leads to US

DAVID USBORNE
New York

The investigation into the assassination of Yitzhak Rabin may quickly extend across the Atlantic to New York, home to a small, ultra-zealous group of right-wing Jewish extremists.

Attention will focus on members of Kach, the militant nationalist group founded by the late Rabbi Meir Kahane, who was shot in Manhattan in 1990. Closely related to Kach, which was banned in Israel last year, is another group named Kahane Chai, or "Kahane Lives".

Israel's security services have already identified Eyal, the extremist group based inside the country, to which the self-confessed assassin, Yigal Amir, belonged, as an offshoot of Kach and Kahane Chai.

For several months before Rabin's assassination, the Israeli Prime Minister had been the target of inflamed rhetoric in New York against his peace policy and especially the agreement to return control of the West Bank to the Palestinians.

Most notable was the virtual Jewish fatwa against Rabin uttered last June by a radical rabbi

in Brooklyn, Abraham Hecht. He told followers: "According to Jewish law... any one person who wilfully, consciously, intentionally hands over human bodies or human property or the human wealth of the Jewish people to an alien people is guilty of the sin for which the penalty is death".

Not even since Rabin's death, which has left most New York Jews united in mourning, have his detractors shown remorse.

Last Sunday, the day after the assassination, Zionist militants gathered in Brooklyn to mark the fifth anniversary of Kahane's death and openly praised Amir, passing out buttons labelling him a hero.

At the meeting, Mike Guzikofsky, the leader of the New York Kach cell, told one journalist: "Rabin was bad for Jews. He is over and he's gone. Rabin was assassinated by a Jew and the Arabs are sad. That should give you some kind of idea what kind of Jew Rabin was." At the gathering, small flags handed out leaflets showing Rabin in Nazi uniform.

It has long been supposed that supporters of Kach and Kahane Chai in New York have been active in funneling fund-

ing to extremist counterparts in Israel. Last February, President Bill Clinton moved to freeze the assets of Kach in attempt to end the cash flow.

By some estimates, the ultra-nationalist factions opposed to peace in Israel have received about 70 per cent of their funding from supporters in the United States.

The US has also exported some of the extremists themselves to Israel. The activities of groups like Kach in New York last came under the microscope in February 1994, when Baruch Goldstein, a Brooklyn-born doctor and Kach supporter, entered a mosque in Hebron and massacred 29 Muslims at prayer.

After that tragedy, Rabin called Goldstein a "foreign implant, an errand seed". The former Israeli President, Chaim Herzog, went further, declaring: "The US is a breeding ground for extremists".

Kenneth Jacobson, director of the Anti-Defamation League in New York, warned against exaggerating the role of extremists in the city. "The suggestion that this assassination was some kind of import from the United States, I think, is too sim-

plistic," he said. "Clearly there are divisions on the peace process among Jews in America just as there are in Israel itself".

David Harris, of the American Jewish Committee, offered the same warning. "It is true that a disproportionate number of the American Jews in Israel are involved in opposition to the peace process. But it is a flagrant stereotype to suggest that all are extremists".

Jerusalem - Vandals splashed white paint over Kahane's grave yesterday, the second attack since Rabin was killed on Saturday, AP reports.

The Supreme Court yesterday rejected a petition from Kahane's son Benjamin to hold a public memorial rally for his father. "They are not going to destroy us," Benjamin Kahane told reporters. "They tried to destroy my father and the people were still with my father and they are still with us today."

He blamed the "evil government" for creating the violent atmosphere that led to Rabin's assassination. "The left is inciting against us, they want to annihilate us," he said. "I have nothing to be sorry for. You [the left] should be sorry."



Accused: Dror Hadani, one of the Israeli murder-plot suspects being led into court in Tel Aviv yesterday

Defiant Arafat pledges to hold the peace line

MICHAEL SHERIDAN
Gaza

Yasser Arafat mused yesterday on the violent death of Yitzhak Rabin and on the dangers facing the surviving peacemakers in the Middle East. "We want to continue the peace process after this awful crime," said Mr Arafat. Was he shocked? "Well," he said, "I have mentioned many times that there are many enemies for this peace process on the two sides. This is not the first time I have faced threats and danger."

As he said this a little of the old defiant Arafat flickered in his tired face and his hooded eyes seemed to twinkle with the memories of 1982. "Sharon has mentioned that he had tried 13 times to assassinate me in Beirut," he said, referring to the hardline Israeli defence minister who besieged him in the Lebanese capital, "but I am a very strong believer that no one can escape from his destiny."

"May God save you!" cried an elderly man in the audience at one of Mr Arafat's chaotic, but now heavily protected, press conferences.

Destiny, thus far, has propelled Mr Arafat to the small self-ruled enclave of Gaza, where he is busily performing the rituals of a head of state in a former club-house on the Mediterranean beachfront.

Yesterday he was playing host to the Foreign Secretary, Malcolm Rifkind, who had come to Gaza to pledge Britain's support for "the courage and vision like those of chairman Arafat". But even as the sun shone on surf outside the windows, the shadow of Mr Rabin's killing fell across the room, for Mr Arafat faces charges of treachery from his own radical critics.

Recently there has appeared to be a relaxation of tension between the chairman and the Hamas Islamic fundamentalist movement. Leaders of Hamas in Gaza flew to Khartoum this month to meet their "external leadership" where they agreed to have exploratory discussions with the PLO.

The Middle East after Rabin

"The fundamentalists are being absorbed under the Palestinian Authority," explained Taher Shriteh, a Palestinian journalist widely respected for his political analysis. "People see the beginnings of economic development and they want to be part of the success."

But Mr Arafat has been hampered in his task of nation-building by the slow pace of Israeli withdrawals and by the formidable economic problems in the tented camps where most of Gaza's 800,000 people live. Per capita income in Gaza is only \$850, compared with \$1,700 in the West Bank. During the years of Israeli occupation and the Palestinian uprising, the economy collapsed, creating poverty and unemployment that drove many young people to the fundamentalists.

The immediate cause of tension is the presence in Gaza of about 4,000 Israeli settlers who occupy almost one-third of the territory. Recent suicide bombings by Islamic militants were aimed at settler targets but such incidents are a throwback to the time when Gaza lived in a permanent state of curfew, shootings and disorder. Now there are the glimmers of hope as a trickle of international aid begins to make a difference and some funds flow back from Palestinians in exile.

Mr Rifkind announced yesterday that Britain would fund two more projects for education and police equipment that will come out of the £33m allocated in British aid over three years. Britain has been doing what it can to help Mr Arafat acquire the authority of government and Mr Rifkind's visit followed one by the Prime Minister earlier this year. British aid is helping to train the new security forces and other British-funded projects include help for the rehabilitation of political prisoners and assistance to the new Palestinian broadcasting network.

Kashmir gang says hostages unharmed

Srinagar (Reuters) - Guerrillas holding two Britons and two other Westerners hostage in Kashmir re-established contact with Indian authorities yesterday, and officials said the captives had not been harmed.

The officials lost contact with the guerrillas after 19 September, bringing the crisis that began in early July to a stalemate and leaving the captives facing a freezing Himalayan winter.

"All of them are safe, but one British hostage and the US hostage are sick," KB Jandial, a spokesman for the government of the state of Jammu and Kashmir told reporters. "They are being treated well." He said the kidnappers spoke three

times to officials by telephone and radio yesterday.

"We are treating this as a positive development," he said.

Mr Jandial did not say which of two Britons, Paul Wells or Keith Mangani, was sick. The American, Don Hutchings, and a German, Dirk Hasert, are the other two hostages being held by members of Al-Faraj after being abducted while trekking in the Himalayan region.

The decapitated body of a fifth hostage, a Norwegian, Hans Christian Oestre, was found on 13 August in a remote forest, with a message near his body that threatened to kill the other captives if Al-Faraj's demands were not met.

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Commonwealth summit: Pressure for expulsion fades as Britain and South Africa favour dialogue with junta rather than sanctions



Anti-nuclear protest: Demonstrators in Auckland wearing masks of Mr Major denounce his support of French tests Photograph: David Hallet/AP

Leaders soft-pedal over Nigeria move to execute writer

STEVE CRAWSHAW
Auckland
and RAYMOND WHITAKER

Nigeria was engulfed by protests yesterday after the military regime's confirmation of death sentences on the playwright Ken Saro-Wiwa and eight other activists, but there was little sign of a concerted response from Commonwealth heads of government who begin their summit in New Zealand today.

Nigerian human rights groups urged the world to speak out as General Sani Abacha's government denied rumours in Lagos yesterday that the nine had already been executed.

"The haste with which the sentences were passed shows they are determined to shed blood," said the president of Nigeria's Civil Liberties Organisation, Ayo Obe. Mr Saro-Wiwa and his colleagues, who campaigned for environmental and minority rights in the south-eastern region of Ogoniland, were convicted of the murders of four Ogoni leaders in what has been described as a politically motivated trial.

The US, France and the Organisation of African Unity all called for the sentences to be commuted, and the Foreign Office summoned Nigeria's deputy high commissioner in London to deliver the same message. "[This] represents a major step backwards following a patently flawed judicial process," the Foreign Office said. Shell oil company, whose operations in Ogoniland were the target of local protests, also appealed for Mr Saro-Wiwa to be spared, but a spokesman for the military council, Brigadier-General Sam Maft, ruled out clemency.

The focus of demands for action to be taken against Nigeria was the Commonwealth summit in Auckland. The Commonwealth Secretary-General, Chief Emeke Anyaoku, himself a Nigerian, expressed "profound dismay", saying: "To proceed with this sentence will be seen as an act of defiance in the face of world opinion." The host, New Zealand's Prime Minister, Jim Bolger, said it

would be "quite appalling" if Nigeria flouted the Commonwealth's commitment to human rights by carrying out the sentences.

But several leaders, including Mr Bolger, South Africa's President, Nelson Mandela, and the Malaysian Prime Minister, Mahathir Mohamad, spoke out against suspending Nigeria or imposing sanctions. Campaigners were particularly disappointed by Mr Mandela, who arrived in Auckland yesterday. While Zimbabwe's President, Robert Mugabe, said the verdict "is shocking to everybody" and said excluding Nigeria from the Commonwealth would be discussed, Mr Mandela said he favoured dialogue as a means to put pressure on General Abacha's government.

British officials said it was necessary to "tread very carefully", because of the danger that tough talk might backfire. General Abacha pulled out of coming to the conference at the last moment. The Nigerian delegation is led instead by the Foreign Minister, Chief Tom Ikimi.

Mr Anyaoku said it was essential for procedures to be agreed, "to decide what to do in such situations... that is very important for the credibility of the Commonwealth. Already in danger of being written off as a talking shop, the organisation risks further damage to its credibility if it fails to respond to the flouting of human rights in Nigeria."

Plain-speaking Major melts Bolger's wrath

Auckland — John Major seemed to have escaped almost unscathed yesterday from his first diplomatic argument with Commonwealth colleagues over French nuclear tests, writes Steve Crawshaw. The Prime Minister's support for President Jacques Chirac, asserting France's right to carry out tests in the Pacific if it wished, has infuriated other Commonwealth countries — not only those in the Pacific region — as heads of government gathered for the Commonwealth summit here. Mr Major's decision to side with Mr Chirac was seen as a slap in the face for the Commonwealth itself.

Jim Bolger, New Zealand's Prime Minister, had made clear his dismay. When push came to shove, however, Mr Major's policy of directness with a smile seemed to pay off yesterday. In a speech at a lunch given for him by Mr Bolger, Mr Major complained of the "distorting prism of long-range sound bites".

He talked of the "nice free ride" that he could have taken in condemning France, as Britain does not seek to carry out further tests. "So I could have taken that free ride. But I'm not prepared to do so because if I had, it would have been hypocritical... and if I had, I would have fallen short of the honesty and frankness that New

Zealand has a right to expect from the United Kingdom."

Mr Bolger stood, nodding sympathetically as Mr Major emphasised: "Even among the best of friends, there are some times points of difference." Mr Bolger himself talked of a "warm reciprocity of views". The Jim-and-John body language confirmed the official version, that the meeting had been far from tense.

Even in terms of public reaction on the streets of Auckland, Mr Major got off lightly. A rally was called under the heading "Major Outrage". But only a few thousand turned up, and the rally was partly hijacked by Maori activists. Demonstrators argued amongst themselves, while anti-nuclear slogans looked forlorn.

Tonight, the heads of government go into "retreat" to hammer out the final communiqué. This will address Nigeria as well as the nuclear testing. The Commonwealth Secretary-General, Chief Emeke Anyaoku, said he expected a "clear statement" on testing. If it is clear, Britain may be the lone dissenter. Britain hopes the statement will be couched in general terms but officials insist Britain will not back down: "We don't want a row if we can avoid it. But if they want a row, they'll get one."

IN BRIEF

Turkish court clears US reporter

Istanbul — A Turkish court acquitted a Reuters correspondent charged under the country's laws on freedom of expression. It ruled that her article on the army's battle with separatist Kurds did not constitute a crime. The three-member State Security Court voted unanimously to acquit Aliza Marcus, 33, a US citizen, on the recommendation of the court prosecutor. *Reuters*

Sudanese rebels 'advancing on Juba'

Ten-Ten — Sudanese rebels say they are closing in on the southern capital of Juba in their most successful offensive in four years and they plan to battle on to Khartoum. Sudan People's Liberation Army commander Chol Lual said in the town of Ten-Ten, on the border with Uganda, that rebel forces were 23 miles from Juba and advancing. *Reuters*

Mengistu attacker pleads guilty

Harare — A confessed plotter in the attempted assassination of fugitive Ethiopian dictator Mengistu Haile Mariam showed a court yesterday wounds he claimed resulted from Mengistu's order to kill him. Abraham Kinfe, 36, from Ethiopia's Eritrea province, pleaded guilty to conspiracy to commit murder. *AP*

Egyptian militants fire on train

Cairo — Assaulters opened fire on a passenger train in the south of the country — injuring two tourists — for the second time in two days, and a statement issued in the name of an Islamic militant group warned tourists to leave Egypt. *AP*

Asian elephants in danger of extinction

Geneva — The Asian elephant is under threat of extinction as economic expansion brings it into greater conflict with man, the World Wide Fund for Nature said. A WFN report says only 35,000 to 50,000 of the species remained in isolated pockets. *Reuters*

Hyundai chief grilled in Roh inquiry

Seoul — Prosecutors yesterday grilled South Korea's best-known tycoon, Chung Ju Yung, founder of the giant Hyundai group, as they worked through the nation's top boardrooms to discover the source of former president Roh Tae Woo's slush funds. The 79-year-old honorary chairman of the Hyundai empire, who is in fragile health, was supported by an aide as he walked into the Prosecutor-General's office. *Reuters*

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Smith Square gears up for battle

Less than a year before the general election, the Tories have lost their director of communications. But the party machine is under firm control, says **Donald Macintyre**

On paper, it could scarcely be more catastrophic. At a time that could be less than a year before a general election in which, for the first time in a generation, the Conservative Party cannot rely on the support of the Tory press, Hugh Colver, the director of communications and the party's top media man, walks off the job.

The man who replaces him, Tim Collins, is able and ultra-focused. But unfortunately, because he is fighting a seat himself, he will not be there for the election when the skills of a Labour team led by Alastair Campbell and David Hill, two of the shrewdest spin doctors in the business, really come into their own.

So, for the second time in six months the Conservative Party begins a long and frustrating search for someone skilful and tough enough to take on one of the most daunting and important jobs in the campaign.

It is the sort of problem that underlines the validity of an often repeated question: who would be a Tory party chairman in the run-up to a general election? In his memoirs, Kenneth Baker describes a conversation he had with his adviser Tony Kerpel when it looked as if Margaret Thatcher might appoint him to the chairmanship of the party in the summer of 1989. Kerpel paused only briefly before replying succinctly: "Victory is hers; defeat is yours."

The remark elegantly summarises why few politicians ever jump at the chance of taking over the party in the second half of a parliament; it is a job in which the incumbent is ideally placed to be the fall-guy for electoral disaster.

Kerpel's point illustrates how vital it is for an ambitious party chairman – and Central Office proved the graveyard of Baker's leadership ambitions – to make the party headquarters into a fighting machine that works. And the most jaundiced critics argue that the past four general elections were won despite Central Office rather than because of it. Suddenly, thanks to Tony Blair, that no longer looks possible.

So, what are the problems at Smith Square? It is an easier question to pose than to answer. Baker records Kerpel as saying that Central Office – in contrast to Baker's Department for Education which he was arguing Baker should not

leave – "was not amenable to the same skills and could be a nest of intrigue with its factionalised departments".

That is borne out by one ex-Central Office hand who complains that for too long it has been "clogged up with Mr Bumble and Mrs Witter endlessly stabbing each other with hat pins and fighting their turf wars".

There have been complaints of amateurishness in its approach to polling. There have been rivalries within the office that provided a fertile ground for larger tensions – for example, those between Lords Tebbit and Young which dogged the 1987 election campaign. And life has not got much easier since then.

With the exception of Colver and Collins, the party's presentation has suffered from having men in the communications job with advertising and marketing expertise – but little or no real politics. This was a habit that started in the early Eighties with Christopher Lawson – known accurately, if unkindly, as the Man from Mars.

Morale could not but be adversely affected by the cuts – of about 40 staff – which Jeremy Hanley, Brian Mawhinney's accident-prone predecessor, forced through to meet the demands of an organisation that still has an overdraft of about £1.1m.

The party is at a historic low in the opinion polls. Some academics estimate that the party's membership is even lower than Labour's – currently at 350,000 and rising. Finally, as Young, a rare case of a front-rank politician who wanted the job but never got it, used to complain, no one has ever treated Central Office as a small-to-medium-sized business with a £5m turnover and thought out from scratch what its goals are and how can they be reached.

All the signs are that the ambitious and single-minded Mawhinney is determined to change a good deal of all this – and is not too fussy about the consequences. He did not engineer Colver's departure – far from it. But Colver's departure, which has a complex of reasons of behind it, may nevertheless be a symptom of an acutely painful period of transition.

As one of Whitehall's most experienced and intelligent information directors, with a spell at senior level in private industry, Colver was no

stranger to the black arts of corporate and government communication. But he is also a nice and truthful man who has been quite frank in saying that he may have lacked the party-political obsessiveness, the hard-edged "zapping" skills of the modern spin doctor.

Nevertheless, he jumped rather than was pushed. Out, too, has gone Paul Judge, the chief executive once greeted as the saviour who would put Conservative Central Office on a firm business footing. Out has gone Andrew Lansley – to fight a seat and make some money. His departure has allowed Mawhinney to appoint (an imaginative stroke, this) Danny Finkelstein, former director of the Social Market Foundation.

For a notoriously old-fashioned organisation, Finkelstein is a thoroughly modern policy wonk who is comfortable at the ideological coalface and understands where the Blair Labour Party is coming from. For good measure, Mawhinney has also promoted the personable and efficient 32-year-old Vanessa Ford as head of his private office, leaving John Gardiner, 38, who has been private secretary to five successive chairmen, to go off to the British Field Sports Society. In charge of the day-to-day operation Mawhinney has put his trusted deputy Michael Trend, the MP for Windsor.

All in all, as Colver attests, Mawhinney is a man who knows what he wants. "He can be quite curt and short. He interrogates people pretty hard and then wants to know what they are doing. He just needs to remember that these people are not government department people. They are committed to the cause, but they are volunteers who are not paid very much."

However, Mawhinney almost certainly judges that he cannot afford to be sentimental. Now the pre-election period is at hand there is, in the phrase beloved of electorally excited politicians, "a war on". It may be rough but Mawhinney shows more determination than most of his predecessors to whip the Smith Square carthorse into shape. But first he has to find a top-flight media person for the election; he or she had better be good.

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COMMUNICATIONS

Wilkes's DIARY

Sir Patrick Mayhew, one of the few remaining old-fashioned patricians in the Conservative Party now that Douglas Hurd has gone, may, I fear, also be about to hang up his braces and pack his bags for pastures new at the next general election. His cabinet colleague Roger Freeman rather unkindly suggested the other day that MPs should retire at 60. This was taken as a swipe at his immediate boss, Michael Heseltine, who is 62, but it also put the spotlight on Sir Patrick, 67. He has given no indication either way to his constituency, but his close friends say he is rather out of sorts at the moment. "He is very tired," said one colleague.

Sir Patrick is one of the old school of Tory MPs: a gentleman's gentleman among car dealers. He views the right-wing drift of the Government with the sort of disdain that James Heseltine reserved for Bertie Wooster's more outlandish golfing outbursts. The Northern Ireland Secretary is, no doubt, anxious to see some progress in bringing peace to the province before announcing his plans, but time is pressing for any replacement to get his or her feet under the table at Timbriwell Wells, where he sits on a comfortable majority of 17,132.

While other knights of the shires have declared their hand, Sir Patrick has said nothing of his plans. Wilkes believes it is only a matter of time. But should a miracle happen and the Tories be swept to another term of office, Sir Patrick's friends believe he would be the ideal choice for Lord Chancellor.

Wilkes finds the whole business of computers a ghastly mistake for civilisation. One can hardly have a chat with one's colleagues without the blighters pulling out a Pison and entering the details. A member of Stephen Dorrell's ministerial team keeps the Health Secretary up-to-date with the Press Association "lapses" by logging into their e-mail on his Pison from the ministerial car. Wilkes has heard of one minister who has partly conducted his spending round with the Treasury with the aid of e-mail and a pocket computer. David Shaw, the Boor of Dover, is a Pison nut.

The computer obsession has been taken on far by Michael Heseltine, with his £150,000 Internet linking the Great One's desk to every minister in Whitehall. Wilkes can reveal that

One mystery remains about the ambush inflicted by Lady Olga Maitland and her band of "family values" backbenchers on Lord Mackay over his Bill on family homes and domestic violence. How was all this allowed to blow up without warning and without a whisper of earlier criticism as the Bill went through the "fast-track" process? Admirers of the humane and impeccably pro-family Lord Mackay – and Wilkes is certainly one of those – wonder what on earth John Taylor, the minister for legal affairs who is supposed to be the Lord Chancellor's ears and eyes in the House of Commons, was doing. Wasn't it his job to iron out the differences with Lady Olga and her gang over a glass of whisky? Where was he? Certainly not on the airwaves defending his boss from noon to night in his time of travail.

Wilkes wonders about the future of his old chum, the former Chancellor Norman Lamont, who is still hunting for a seat. Could he be tempted by Sir James Goldsmith's Referendum Party, which has money, but a shortage (with the exception of Sir Alan Walters) of stars? On the face of it, not. He has publicly criticised the idea and shows every sign of determinedly seeking to stand for the party he loves. But Wilkes spotted him chatting with Lady Annabel Goldsmith at the convivial 70th birthday dinner for Baroness Thatcher. Who knows what a spurred man will do?

The induction of Tony Blair's newest MP Alan Howard, into the mysterious culture of the Labour Party proceeds apace. Wilkes overheard trade and industry spokeswoman Barbara Roche chatting to him in the Commons. "You'll hear people talking about things like TGMOO," she said. "TGMOO?" asked the Labour member for Stratford-on-Avon. "This Great Movement Of Ours," she explained kindly. Even in the "new" Labour Party, it seems, he still has a lot to learn.

John Redwood, leader of the hair-shirt tendency in the Tory party,



No light, alas, on Planet Vulcan

practices what he preaches. He has called on the Government to cut its running costs in the Budget, and has been following his own advice in the right-wing think tank he has founded – opposing friends at the Conservative 2000 Foundation at Wilford Street in Westminster by switching off the lights.

It is not just Tory MPs who, post-Nolan, are agitating about the pay of ministers and MPs. Labour's Denis MacShane, who took a 50 per cent salary cut when he left the International Metalworkers in Geneva to become MP for Rotherham, has dug up the statistic from Barbara Wootton's *Social Theory of Wage Policy* that in 1950 the then Prime Minister, Clement Attlee, was on £10,000 a year, compared with a backbencher's pay of £1,000.

To keep the same ratio, MacShane points out that a modern Prime Minister would be on £30,000 a year – even at that level, less than the salary for many top business executives. MacShane now hopes that Lord Nolan looks with urgency at why John Major's job is relatively worth so much less than that of his Forties and Fifties predecessors, and why a minister should earn less than the assistant town clerk in Rotherham. Above all, MacShane confides to Wilkes, after Monday's historic vote in favour of curbing MPs' outside financial interests only Lord Nolan's committee has the authority to raise MPs' pay to a temptation-free level.

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Labour gets it right on jobs

Nice one, Gordon. If Labour had its way the mind-numbing existence of the unemployed youth – sleeping in, watching Richard and Judy on daytime television, kicking round the streets with their mates – would last no more than six months. As Gordon Brown announced yesterday, Labour would offer them a choice of four different job and training options: full-time education on benefits, work in the voluntary sector or on an Environmental Taskforce, or subsidised jobs in the private sector. If they turned them all down, their benefits would be cut. Labour has several obstacles still to overcome, but this could be the most ambitious attempt yet to tackle the growing social and economic problem of youth unemployment in Britain.

Currently 600,000 young people under the age of 25 are registered unemployed. Many have never worked. They are largely unskilled young men living in the inner cities, and the longer they stay in the dole, the more difficult it is to find work. And it isn't hard to imagine the social consequences of hundreds of thousands of bored young people, written off by employers, pacing the streets.

But is concern for our social fabric sufficient reason to compel young people to enter government programmes? Mr Brown described his proposals as the best anti-crime policy Labour could have. Presumably this is Labour being "tough on the causes of crime" – and if the Unemployment Unit is to be believed it would be tough on young people, too. After all, for government to make rules about how

we spend our days sounds draconian. The rest of the community, however, is already supporting these young people by providing them with a giro every fortnight. And Mr Brown is not proposing to force them into anything: he would simply withdraw 40 per cent of their benefit if they refused to participate in programmes developed to help them to find work and support themselves. He is right to do this. There is no reason why the rest of the country should subsidise idleness, and it is entirely reasonable to expect unemployed people to accept certain obligations alongside new opportunities.

The deal cuts both ways. If government is to reduce benefits for the under-25s after six months, it has a responsibility to give them real chances and choices to do something better. So tacky schemes just to get people off the streets won't be enough – we need mechanisms and projects which really improve the chances of finding work. Training for the unemployed has been notoriously unsuccessful in the past, and great care would need to be taken to avoid repeating previous mistakes. Private sector jobs would need policing. Otherwise government might find itself subsidising employers who abused the policy by turning out each young person after six months and taking on someone new.

But despite all the potential problems, this is a very welcome proposal. We've heard much from new Labour about "rights and responsibilities" in the past year or so. Here is a policy that could turn rhetoric into reality.

Mackay licks the Moralistic Tendency

A week ago, those whose job it is to help the victims of domestic violence were in despair. The Government had announced that it did not intend to proceed with the Domestic Violence and Family Homes Bill, following a campaign waged against it by a small group of Tory MPs and one newspaper – the *Daily Mail*. Over at Mail HQ there was an orgy of self-congratulation. The *Mail* was "the newspaper everyone is talking about. And no wonder", it boasted. Serve the Government right for introducing flawed, anti-family legislation. Shame about the battered women, of course, but there you go. Blame Lord Mackay.

Then, over the weekend, something began to happen. Tories such as Peter Bottomley, alarmed by the week's events, began to speak out against the nostalgic fundamentalism of the Bill's critics. Earlier this week, the Government's defeat over Nolan had reminded ministers of the dangers of acceding to the prejudices of its back benches. By yesterday morning it had become clear that the Government had decided to proceed with the Domestic Violence Bill as part of its new divorce legislation. It looked like a major victory for Lord Mackay, the Lord Chancellor.

As yet, said a rather less confident-sounding Roger Gale (MP for Family Values West), but we have been told that lots of the nastier bits of the Bill – the ones we objected to – will disappear. So it is still a victory for common sense, etc.

It may be the new year before the Bill is published and we can test Mr Gale's

assertions about how far the Moralistic Tendency has been accommodated. And it is a worry that a Bill which spent several years being discussed and shaped by experts might have been significantly altered in just a few days. But there are some early signs that the concessions offered to the saintly ones will be minor and – in a few instances – entirely cosmetic.

Property rights for cohabitants who are the victims of violence will remain in the Bill, but courts may not be allowed to renew exclusion orders indefinitely. There could be a slightly tighter definition of "mental harm" – but non-physical criteria will not disappear entirely. And Lord Mackay has promised (according to Mr Gale) to "redefine the very significant difference between marriage and cohabitation". In this promise one senses not much more than an instruction to the drafters merely to avoid language that will excite Mr Gale.

If these are indeed the changes that Lord Mackay has in mind then he will have scored a significant victory – and one in which MPs can share. Parliament will gain because it will have a chance (which the previous fast-track procedure for the Bill would have denied) properly to discuss an important piece of well-drafted legislation.

The Lord Chancellor's victory will be even more satisfying, for his will be a triumph of long-term solutions over short-term politicking. He will know that by a mixture of smart manoeuvre and obduracy he has achieved important things for people who needed his help.

ANOTHER VIEW Hugh Colver

Tories need a propagandist

My reasons for resigning as director of communications at Conservative Central Office are quite complex – an accumulation of things. When I was appointed, the arrangement at Central Office was very different from now – there were very different sorts of people. I had worked as a PR man in Scotland Yard and Whitehall, and in industry, and I was being asked to apply those skills to a different theme – politics.

Of course, it is not as simple and straightforward as that. I have reached the age of 50 without any active involvement in politics, and there must be a message there. As time has gone on, and as the regime at Central Office has changed – and has, quite properly, become more geared towards campaigning and electioneering – I have been less a director of communications and more a political propagandist. If you are regarded as the principal spokesman for Tory politicians, you have to think like them, speak like them and act like them.

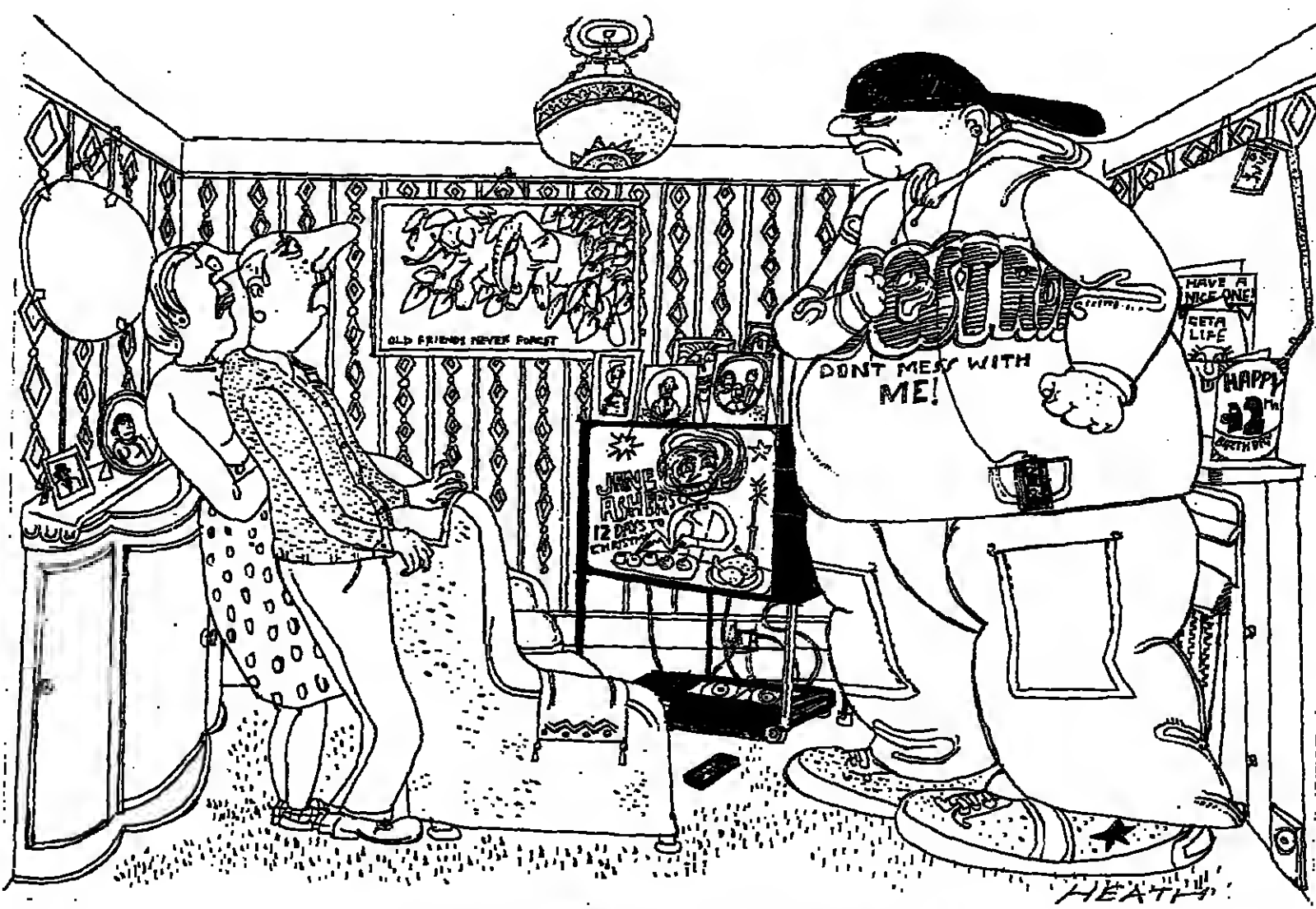
And it became increasingly apparent that that was not for me. The difficulty I have with hard-edged party political propaganda is that one is required to say that everything the Labour Party does and says, and all the Labour Party personalities, are by definition wrong and misguided. And on the other hand, everything that the Conservatives do and say must be correct and well thought out.

Now this, although it makes for a very straightforward party political knock-out style, does not often allow for a serious debate on the pros and cons of the issues. Although I accept that in any organisation you work for you are going to take their position and take their lines, you are usually able to weigh up the merits and demerits of an issue, and not just blindly promote those who oppose, and blindly criticise those who support, your organisation believes in.

This in no way implies that I have any quarrel with the policies of the Tory Party. I would just like to engage in a more measured political discussion. As matters stand, the drawing of boundaries between political groups dilutes serious debate on issues.

People have said my resignation compounds the problems of the Tory Party at a particularly difficult time. Frankly, I am not important enough for this to be a great blow to the Conservatives. In fact, from that point of view, it was much better to go now instead of getting into real difficulty later on and doing my job badly or – worse – having to resign nearer the election. The Tory Party needs a political propagandist, and I was not what they needed.

The writer was, until Wednesday, director of communications at Conservative Central Office.



"Careful, son! Or we'll report you to Gordon Brown!"

LETTERS TO THE EDITOR

Salaries, MPs and the interests of the Commons man

From Mr David Hill
Sir: How on earth can you justify describing John Major's humiliating defeat over Nolan as "canny" ("Game, set and match to Nolan", 7 November)? Your suggestion that he was playing a game of double bluff so that the issue went away does not bear a moment's scrutiny. For the Prime Minister and the whole of his government to be defeated by 51 votes is a disaster in anyone's book.

As a result, he has been made to look weak and out of touch and drawn upon himself the wrath of many of his backbenchers, some of whom are threatening not to comply with the new rules. And the benefit that can be derived from Parliament having taken the right decision now is certainly not the product of some "cunning plan" by our accident-prone Prime minister.

Of course, it is just possible that you were indulging in some deeply hidden irony. If so, it is so deeply hidden that I searched for it in vain. If not, then the idea that you should give John Major one jot of credit for the debacle of Monday night is stunningly perverse.

Yours sincerely,
DAVID HILL
Head of Press
Labour Party
London, SE17

From Mr Malcolm Taylor
Sir: The row in Parliament about sleaze and disclosure of earnings has opened a window to a wider truth: we, the electorate now

realise how little we know of how MPs expect to spend their parliamentary time.

Disclosure of extra parliamentary earnings will not be enough. An MP's duties have to span parochial constituency matters, national concerns, and all overlaid by the demands of the party machine. There is no one answer to how a balance is to be maintained. Parliament needs the lobby fodder time-servers as much as it needs the wheelers and dealers and those with social consciences.

The answer, ultimately, is not any heavy-handed Nolan committee, and its resulting watchdogs. The answer lies with the constituency party machines, which, influenced or instructed by the central organisation, have to choose the candidates. They alone have the power to ask candidates the questions that should produce a profile the electorate can vote on. It seems, for example, fundamental that the candidate should disclose whether he or she is prepared to live on £33,000 per annum. If he cannot, then we need to know how he proposes to supplement his income; will he be a part-timer or will he be a paid parliamentary consultant?

It is surely not beyond the bounds of reality for constituency party organisations to establish a code, or a moral contract, which their chosen MP would be expected to respect?

Yours faithfully,
MALCOLM TAYLOR
Lancaster

From Dr A. M. Hulme
Sir: Writing of the vote on the Nolan recommendations, Andrew Marr says: "This vote must be only the first step to a wider reform of the Commons, of its remuneration" ("Now Parliament has shown the way, the press should follow", 7 November).

There seem to be two particular indicators as to how MPs pay should be reformed. First, it is widely acknowledged that MPs are underpaid by the standards of most comparable democracies. The difficulty of rectifying this has always been political – how to raise pay without setting an inflationary example to the electorate. The second point is that many MPs, for the most part Tory, regard an MP's job as part time. On these grounds, they justify spending time on outside paid activities. Few of us in the electorate agree with this position, since it inevitably reduces the time an MP has to devote to representing us, dealing with our problems and concerns and, crucially, devising good legislation.

But rather than applying an outright ban on outside work, why not structure the "market forces" to which MPs are subject to give them more incentive to do what we pay them to do?

As a short-term incentive, MPs who receive any payment from outside work (of any sort – whether it be directorships, litigation or whatever) should receive only 50 per cent of the full parliamentary salary.

As a longer-term incentive to forgo outside work, parliamentary candidates should be required to inform their electorate in advance of whether they will be full-time or part-time MPs.

The first measure will inevitably reduce the parliamentary salaries bill somewhat. This should provide an opportunity to increase the salary of full-time MPs out of "efficiency savings". We might then at last be on our way to having a competent representative House of Commons.

Yours sincerely,
A. M. HULME
Sutton Coldfield,
West Midlands
7 November

From Mr Peter Bottomley, MP
Sir: Your imaginary examples of what an MP may do may be wrong ("What MPs can and can't do", 8 November).

Cash for election expenses may be spent on the candidate's behalf only by the candidate's appointed agent. That cannot lawfully be described as indirectly sponsored through constituency payments.

MPs in that category are clearly barred from advocacy until at least the next election. Yours sincerely,
PETER BOTTOMLEY
MP for Epsom (Con)
House of Commons
London, SW1
8 November

Too much secrecy over arms exports

From Mr Oliver Sprague
Sir: Your editorial ("Publish quickly, Sir Richard", 8 November) correctly notes that UK arms exports to Iraq were a direct result of the secrecy that surrounds arms export decision-making in this country. There is a clear lesson to be learnt: we must establish a system of accountability that allows both parliamentary and public scrutiny over the export of UK weapons and related technology.

Critics, of course, will argue against this on grounds of practicality and commercial confidentiality. Yet a system operates in the US whereby, at the beginning of each year, a Congressional committee may object to proposed sales of more than £4.5m. Furthermore, throughout the year, Congress is informed of any deals of over £9m and is given 30 days to debate whether the export should go ahead.

A more stringent version of the

US system, with lower financial thresholds, would, if implemented in the UK, oblige the Government to disclose its arms export policies. This would help prevent the secret export of military equipment to unsavoury regimes.

Yours faithfully,
OLIVER SPRAGUE
Salford
London, WC1
8 November

From Mr Richard Heller
Sir: You are right to describe the sale of arms to Iraq as a strategic blunder (leading article, 8 November).

By any standards, the virtual abandonment of controls in 1983 was one of the worst decisions made by any British government since the war. Servicemen and civilians paid for it with their lives. Unfortunately, you are optimistic in your belief that the Scott inquiry will expose the

origins of the decision. It has focused on the concealment and corruption that flowed from British policy but not on its incompetence.

Did any minister resist the decision on policy grounds rather than fear of exposure? Did any minister or official wonder what use Saddam might make of additional armaments when they were no longer needed for defence against Iran? Who, if anyone, in our diplomatic defence or intelligence services warned against the risk of the Kuwait invasion? What attention was paid to their warnings? What has happened to their careers – and to those of the officials or ministers who ignored them?

If these questions remain unanswered the British people will never know the full scandal of arms-for-Iraq, and they can have no assurance that it will not be repeated.

Yours faithfully,
RICHARD HELLER
London, SW9
8 November

Solution sought for wardens' woes

From Mr Paul Thurston
Sir: May I comment on your article "Probation hostel wardens offered 'zero-hours' deal" (6 November)? As an agency properly concerned with public protection, we ensure that our hostels always have at least two members of staff on duty at all times. Relief staff are used to cover the absence of permanent staff. Some of these absences are predictable (eg leave), and others are not (eg sickness).

This element of uncertainty means that relief staff have to be employed on a casual basis and we cannot guarantee a minimum number of hours. They are not

expected to be on standby just in case. They can have other jobs and they can refuse offers of work from us without detriment. Both men and women work in this capacity and most are quite clear about their employment status. There is no proposal to offer all relief staff a zero-hours contract.

The issue you raise is in connection with just two relief staff, both of whom feel disadvantaged financially by the requirement to alter the rota. We are in negotiation with them to try and resolve this matter satisfactorily.

Yours sincerely,
PAUL THURSTON
Assistant Chief Probation Officer
West Yorkshire Probation Service
Wakefield
6 November

Islington man will stay put

From Mr Tim Allan
Sir: For the record, Tony Blair is not looking for a house in Notting Hill and never has been ("Blair may desert his Islington heartland to go west", 9 November).

This was known to the *Evening Standard* gossip writer who first reported this baseless rumour and would have been known by your reporter and leader writer had they bothered to check.

Yours sincerely,
TIM ALLAN
Press Officer to Tony Blair
House of Commons
London, SW1
9 November

A step closer to the centre ground

From Dr Sebastian Berry
Sir: It is to be hoped that Labour's burgeoning links with commercial lobbyists ("Power brokers go hunting on the left", 6 November) represent rather more than an exercise in mutual and private backscratching in advance of the general election. Of far more significance is the extent to which this trend may suggest a further step in Labour's long march toward centre ground "respectability".

There is nothing new in business attempts at dialogue with the Labour leadership. What has changed, at least on the surface, is Labour's embrace of interests once considered anathema to the party. It is not all that long ago that some of Britain's most successful companies and organisations were unwelcome at Labour's annual conference, particularly among ordinary delegates.

Lobbyists have always been interested in Labour contacts, even during the party's wilderness years in the Eighties. It will take more than the Labour/lobbyist revolving door, and the commercialisation of Labour conference, to convince business that Labour's free market "conversion" is complete.

Yours faithfully,
SEBASTIAN BERRY
New York

Letters should be addressed to Letters to the Editor and include a daytime telephone number (Fax: 0171-293 2056; e-mail: letters@independent.co.uk). Letters may be edited for length and clarity. Back issues of the Independent available from Historic Newspapers, Free phone 0800 946609.

Hunger or homelessness

From Ms Tabitha Collingbourne
Sir: Under the present housing benefit rules, local authorities can restrict the amount of benefit paid towards rent if they decide that the accommodation is either too large for the claimant's needs or unreasonably expensive.

People who are sick, over 60 or have dependent children are given a degree of protection from these restrictions; they can only be made if there is alternative suitable accommodation available and it is considered reasonable for the claimant to move.

At present, local authorities spend £14m per annum nationally on topping up payments to low-income families and the sick and elderly in accordance with these regulations.

From January 1996 this protection for "vulnerable" people will be removed. In its place, local authorities will have discretion to increase payments in cases of "exceptional hardship". In 1996, the funding for "exceptional hardship" cases will be capped at £2m.

As a result, many families with children and many people who are sick or elderly and already living below the poverty line will be faced with the choice between paying for food and heating, and paying the rent; the choice between hunger and homelessness.

These are the people who are expected to dissuade fraudulent landlords from charging high rents, or to move "down-market", often to inadequate, insecure accommodation, if they can find it.

Is this how our political leaders exercise their "moral" and "family" values?
Yours faithfully,
TABITHA COLLINGBOURNE
Welfare Rights Adviser
Tozers
Torquay, Devon
6 November

Young minds and a long-ago war

From Mr Hugh Lydon Burke
Sir: Pat Barker, who has just won the Booker Prize, is wrong to think that today's young people don't care deeply about the people who gave their lives in the First World War ("In the footsteps of fallen heroes", 9 November). When I read the poems of Siegfried Sassoon and Wilfred Owen it makes me cry to think of all the suffering that happened in the trenches. They bring to life the sounds and smells and terrible noise that were there.

As long as these poems are read, all those men will never be forgotten.
Yours sincerely,
HUGH LYDON BURKE
(Aged 9)
Marsh Baldon, Oxfordshire
9 November

Late leaders

From Mr P. Sen Gupta
Sir: In your list of murdered world leaders since 1948 (International, 6 November) you missed out King Faisal of Iraq, murdered in 1958.
Yours sincerely,
P. SEN GUPTA
Weston Super Mare
6 November

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Never glad confident Sainsbury's again

Working woman in a hurry, who only comes for basics, can never get in and out in less than an hour

Some trends are not to be bucked. Sainsbury's, I read, is losing market share, which means that many besides myself have resolved never again to do their household shopping at Sainsbury's. Delia Smith is only part of what makes the Sainsbury's environment unbearable to any woman of spirit. The whole sanctimonious set-up makes an average sinner want to scream. Plus the grossness of Sainsbury's success, the car-parks crammed from dawn to night, seven days a week, so that the working woman in a hurry can never get in and out of Sainsbury's in less than an hour.

The brainwashing starts as you enter the car-park. Only the disabled and people with small children may park within sight of the entrance. There is no parking bay marked "working woman in a hurry". So she parks on the outer limits and trudges, at inordinate danger to life and limb from child- and disabled-filled vehicles, across the car-park to the only entrance, to find that the fancy trolleys to be used by the disabled and people with small children are the only ones parked anywhere near the door.

Working woman has to scramble down an alley to secure a trolley and struggle to steer it on its jammed wheels back to where the scores of prents with children and disabled folks, who seem to have come to the

supermarket for fun, fool about with theirs. Once she gets to the door she finds the entrance encumbered by a stall offering free tastes of some grim convenience food, which all the fun-loving leisure shoppers line up to try, discussing each munchie at length with a middle-aged woman who is impersonating an 18th-century dairy-maid in mob cap and frills. The other side of the lobby is filled with an enormous raft of greetings cards of which the leisure shoppers seem determined to read every single one. Working woman in a hurry has no option but to wait patiently until the way before her should clear. She has been on Sainsbury's premises for 15 minutes and so far has nothing in her trolley.

If she is to negotiate the "fresh" produce section, working woman had just better hope that Delia has not found some hitherto undreamt-of use for grenadillas, custard apples or lemon grass. It stands to reason that a grenadilla flown in from Grenada will have cost its weight in aviation fuel - that is what you are paying your money for, supposing the checkout staff have the faintest idea what those critters are when they're in your basket. Supposing you are fool enough to put them in your basket.

"New" potatoes from Egypt are tastefully decorated with pest, by way of hinting that they have just been raised



GERMAINE GREER

Did you want the other things? ... 'Oh, no, I was just giving them a ride in my trolley'

from the virgin sod. Packaged herbs sell for a hundred times their value. The prepared vegetables sealed in plastic bags saying brightly "stir-fry", "green salad", "mixed salad" are already wilted by the time you get them home the vestige of taste that is all that remains after the ferocious flaying and washing will have disappeared.

This working woman, who has her own home-grown vegetables and eggs from her own hens, comes to Sainsbury's for basics. Pasta, for example. And finds that she is practically forced to buy Sainsbury's own brand, which is the kind of pasta that cooks from the

outside in, so by the time the middle is anything but brittle, the outside is slimy. Which is unimportant if you're going to hurry the pasta in a slobber of sauce, a slobber of Sainsbury's ready-made PC-sanctimonious Delia-Smithified sauce. Pasta should have flavour and character; it should be possible to enjoy it with olive oil and garlic alone. Most of my Sainsbury's pasta ends up in rubbery heap in the hens' trough. Do Sainsbury's give me an option? No, they don't. If I want good quality Italian pasta, and I don't mean "fresh pasta", which is synthetic muck, I have to go elsewhere.

If I have been putting up with these conditions for years, why has the worm now turned? The last, the very last, time I was in Sainsbury's I spied a plastic bottle of T-Cut car polish and popped it in my basket where it leaked on to my lemons, my crumpets, my pasta and my digestives, though not on to my elderly sour passionfruit or my cous-cous. Most of what was in my trolley I didn't really want, but after the ordeal of getting into Sainsbury's you have to buy something. I didn't buy the Tocal del Veneto that I really wanted, because there wasn't any and no one to ask whether there would ever be any again. I discovered the T-Cut disaster after I had got to the checkout. I asked for a cloth to wipe the stinking stuff off my hand and was given a J-cloth black

with grease by a woman who had a pile of clean ones at the till beside her. A bell was pressed and a bad-tempered blonde appeared, glared at me as if I had sabotaged my own bottle of T-Cut, and began taking the goods out of my basket. "You can't have that," she said. "Or that. They're contaminated."

Clicking her teeth with exasperation, she picked up three-quarters of my hard-won shopping and carried it off. I waited, the queues got longer, and all that came back was a packet of crumpets. "Did you want the other things?" asked the woman at the checkout. "Oh, no, I was just giving them a ride in my trolley," I replied, sweetly. "Some people..." I heard her say to the couple behind me, who could have been excused for wanting to murder me.

And so I got home too late to walk the dogs and without the two things I really did need, washing-up liquid and salt. From now on I will not be dragged into saving up my shopping until I have a list long enough to warrant confronting the misery that is Sainsbury's. I will pop in and get salt and washing-up liquid on my way home, from the Asians, from the Co-op, from Budgen's, from Tesco. From anywhere but bloody Sainsbury's. This morning, as the dogs and I beat along the frosty hedgerows, I found a sagged Sainsbury's bag bobbing in the wind.

So long to the breakfast browser

In the old days, husbands read newspapers at breakfast and wives paid them no attention at all - except now and then when the husband called for a refill and she poured him more coffee.

We know this from old Punch cartoons. All cartoons set at breakfast between 1920 and 1965 showed the same scene. The husband sat with his newspaper propped up on the table in front of him, so that he was hidden from his wife, and she got on with breakfast without him. Tephoning her butcher, perhaps, or maybe even her lover.

I remember one cartoon in which the husband, a beaky sort of bloke, is immersed in his breakfast newspaper that is folded in such a way that the wife can see the headlines on the back. There, facing her, is a photograph of her husband with the headline "Missing Politician Found!" and the wife is saying something like: "How long were you away for, dear?" - which says something about the marriage unit, not to mention about breakfast.

All that has changed now. Punch has died, breakfast is popularly supposed to be dying, marriage is going through a rough period and there are not as many newspapers as there used to be. We still have breakfast in our house, but I never get a chance to read my paper at breakfast. Our table is not quite big enough for all that and, as we are always slightly late for school, there is never time to read the paper, either.

What there is always time for is for my son to read the front of his cereal packet. He now sits every morning eating from his cereal bowl with his cereal packet in front of him, with me reading the back of it, hiding him as effectively from my view as the newspaper in the old days. I suppose I could make it a double barrier with my own cereal packet, but unfortunately I do not like any cereals (except Grape Nuts), so I do not have a packet to put up on my side of no man's land.

So anyway, yesterday I was reading the back of my son's packet of cereals, which I happened to notice were Rice Pops...

(He does not call them Rice Pops. He calls them Rice Krispies. He once asked me to explain why Rice Krispies were sometimes called Rice Pops. "Well," I said, "Mr Sainsbury thinks it is a good idea to sell own-brand cereals, that is, their version of best-selling cereals, but he can't call his version Rice Krispies, as otherwise the people who make Rice Krispies would be very angry, and he can't use the words 'Snap, Crackle and Pop' either, as that is all tied up in copyright,

but he can choose a name a bit like Rice Krispies and a packet a bit like the Rice Krispies packet and charge less for it in the shop..." I suddenly noticed that he had stopped listening some time before, and so I then gave up...)

... and on the back of this packet of Rice Pops was a panel headed "Breakfast Browser", obviously aimed at parents who need something to read until their child reappears at breakfast, and the subject of this Breakfast Browser was "Cycle Dn's and Don'ts". (Interesting that in this instance the cereal makers had decided that "Do" takes an apostrophe "s" in the plural but "Don't" doesn't...)

I started with this thought: "People often use the expression 'it's as easy as riding a bicycle'. If they thought about what it meant they would realise they were wrong. Riding a bike on the road, where there are fast powerful cars and absent-



MILES KINGSTON

minded drivers, can be difficult and dangerous. Here's how to play smart and be safe..."

I am sorry, Mr Sainsbury, but you print rubbish on the back of your Rice Pops packet. I have never heard anyone say that anything is as easy as riding a bicycle. Falling off a bicycle, maybe. Falling off a log, certainly. But riding a bicycle, easy? Has anyone ever said that? If so, what were they thinking of?

Have you ever learnt to ride a bike, Mr Sainsbury? Was it easy? I think not.

It is, in fact, harder to learn to ride a bike than drive a car. For a start, a car has four wheels and cannot tip over. You cannot fall off a car. That is a great advantage.

Also, a car has an engine, and so the driver does not have to provide the motive power in the same way as a cyclist does - one less thing to think about. Nor does a motorist's seat get wet if the car is left out in the rain. Nor does a motorist's shoe-laces get chewed up in a car. Nor does a car go in the ditch if you momentarily take both hands off the steering wheel...

Enough. Suffice it to say that I have ordered my son to give up cereals and go over to newspapers. There is a lot printed in newspapers that is wilfully wrong, but it is not nearly as bad as what you get on the back of Rice Pops.

Rupert Cornwell on why General Powell turned down the chance to run for the White House

Who'd want to be President?

When he started he seemed weary, half dejected. But as the questions began, the Colin Powell of old emerged. His answers were honest, witty and elegant by turn, at times self-deprecating, but with never a shred of bitterness. In truth a class act, perhaps the classiest in contemporary American public life. Alas, it will not be available to voters.

Rarely in politics anywhere can a "No" have resounded so loudly. In the short term, General Powell's decision to forgo the presidential race of 1996 leaves Bob Dole a racing certainty for the Republican nomination. A poll taken immediately afterwards showed support for the Senate majority leader jumping from 45 to



Yes please, said General Eisenhower (second from right); No thanks, said General Powell Photograph: Range Pictures/AP

He would have been subjected to an electoral ordeal unparalleled in nastiness

54 per cent among Republican voters, with none of his rivals beyond single figures. The other obvious winner is President Clinton himself, spared the prospect of facing the one potential challenger who heat him in every trial match-up.

Thus, barring intervention by the Rev Jesse Jackson, one of the most reviled presidents of recent times will have one of the easiest rides to re-nomination by his party. Whitewater, Paula Jones and Mr Clinton's famous inconstancy notwithstanding, he must now be odds-on favourite to retain the White House next year.

That very fact underscores the greater questions raised by the Powell withdrawal. Why do so many potentially excellent candidates refuse to run? And has the election system become so deformed that it now achieves the opposite of what it is supposed to do: pick the person best able to run the country?

The field of 1996 can be broken into two, but three categories: the Democrats (consisting of Mr Clinton and, just possibly, the Rev Jackson), the 10 declared Republicans, and the no less long, but much weightier list of Republican notables who have opted out.

Of them, arguably the third is on paper the most impressive. The former Cabinet members

Dick Cheney, Jack Kemp, Bill Bennett and James Baker; the former Vice-President Dan Quayle; Governors with the star quality of William Weld of Massachusetts; and now General Powell - they have all been encouraged to run, pondered the matter and then issued a polite "No thanks".

The formal explanation is invariably "family reasons", and in General Powell's case that was demonstrably true on Wednesday. He may have looked tired, a touch dejected, as he began his announcement. Alma Powell, who had opposed a presidential run from the outset and who stood beside her husband on the podium, was positively beaming.

But disruption of family life is not the half of it. In 1989, George Washington, the first American soldier-turned-President, won office by acclamation. The last of them, Dwight Eisenhower, could spend what passed for the primary season of 1952 outside the country, and confine his campaigning to a statement from the Nato command in Europe that he

would take the Republican nomination if offered. No such luxury awaited the possible Eisenhower of 1996.

If General Powell had decided to seek the US presidency, he would have been subjected to an electoral ordeal unparalleled in the democracies on this planet for duration, cost, expenditure of energy, and sheer nastiness. Even in the abnormally brief 1992 cycle, curtailed by the apparent invincibility of George Bush, the campaign lasted 18 months.

This time, a really zealous contender like Senator Phil Gramm of Texas has been running almost from the moment of Mr Clinton's inauguration on 20 January 1993. The travelling is murderous, the speech-making insane and the lack of privacy an endless humiliation. The quest for the presidency requires not a decent plan to balance the budget, but, in General Powell's words, a "passion and commitment" that he could not feel. In Bill Clinton's case, passion and commitment meant a skin thick enough to undergo a primetime national television

appearance in January 1992, immediately after the football Superbowl, hand-in-hand with his wife, to explain away alleged marital infidelities.

Even before he had entered the race, warning shots were crossing the general's bows. Stories were afoot about his wife's mild depressive condition. Equally absurd, and certainly more wounding, were the attacks of conservative Republican activists, one of whom last week dismissed General Powell's 35 years in the military, his two tours in Vietnam, his role in the Gulf War, as something out of Gilbert and Sullivan, the work of a man who had "become ruler of the Queen's navy by polishing the handles on the big brass front door". And all that before he was a candidate.

And at every turn there is fundraising. The cost of a decent primary campaign runs at \$20m - and most, if not all, of that must be raised beforehand. With his exceptionally high name-recognition, General Powell might have got away with less, but for lesser mortals

the task is daunting. As Dan Quayle noted when he took himself out of consideration last February (mainly because of an unexpected inability to raise money), between then and the New Hampshire primary a year later he would have had to beg, borrow or otherwise wheedle \$50,000 a day. "Do you have to be out of your mind to seek the presidency?" General Powell was asked on Wednesday. No, was the answer, out of obligatory deference to those subjecting themselves to the ordeal. But it helps.

The system, of course, has its defenders. The presidency, it may reasonably be insisted, is not a straightforward entry-level job. The brutality of a campaign is political Darwinism, ensuring the survival of the fittest, discarding the weak, the half-hearted and the inept. But surely, counter others, the methods of democracy should be more complex than natural selection, run according to the laws of market capitalism.

The sadness and the tangible sense of letdown after General Powell's departure epitomise

doubts about the entire electoral process. More and more, a vicious, self-defeating mechanism seems to be at work. The most appealing candidates tend to come from the centre. But the driving forces are on the ideological extremes, embodied by the activists who tend to predominate among primary voters. Hence the false choices that have so contributed to a national disgust at politics that drove one in five American voters in 1992 to support a flaky, self-promoting businessman named Ross Perot.

Take Colin Powell. True, he symbolised his country's yearning for racial healing. But in other ways, too, he embodied a "sensible centre" that believes, as he does, that abortion, while

The cost of a primary campaign runs to \$20m; most of that must be raised beforehand

regrettable, should not be outlawed, and that common sense dictates a measure of gun control. Instead, the electorate is defined by debate over false choices: between total gun control and the freedom to have a howitzer in the back garden; between pro-choice and pro-life lobbies on abortion, both bent on turning common ground into scorched earth. Reform welfare and Medicare, yes. Roll back government, yes - but not in a way that leaves the weakest members of society without a safety net. Such was General Powell's philosophy. Most Americans agree.

Then there is the media, nowhere more fickle than here. With few exceptions, General Powell has been treated with little less than idolatry by the press and television, as half a dozen national magazine covers this year alone attest. But friends can turn into foes: ask Bill Clinton, first the darling of the chattering classes, only to be ambushed over Jennifer Flowers and alleged draft-dodging. Clinton took every shot and won the supreme prize. But the damage to his reputation inflicts his presidency to this day. Why, Colin Powell and his family finally asked (and answered, sometime on Monday evening), should I take the same risk?

by Tony Reeve and Steve Way

Generation Why



BEFORE AGREEING TO MEET JULIAN AGAIN, VANESSA INSISTED HE ACQUAINT HIMSELF WITH THE LATEST BODEN CATALOGUE.

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Foreign Exchange Rates

STERLING			DOLLAR			D-MARK
Country	Spot	1 month 3 months	Spot	1 month 3 months	Spot	
US	15785	12-10 31-28	1000	—	—	17.082
Canada	25975	5-7 21-21	12555	14-9	42-82	1.0372
Germany	23363	55-58 140-140	14610	21-9	63-90	1.0000
France	25975	55-58 140-140	43897	37-37	24-447	1.0000
Italy	25177	55-60 238-234	10650	64-71	92-94	1.2533
Japan	10338	86-84 31-28	1000	0-5	143-140	71.7653
ECU	1294	12-14 31-28	1000	0-5	143-140	71.7653
Belgium	25975	1-6 31-28	2330	48-51	130-107	1.0000
Denmark	8570	10-10 250-94	54970	20-5	80-70	3.816
Netherlands	25097	810-822 160-1620	15891	38-25	80-85	1.0000
Ireland	16586	10-10 250-94	1000	0-5	143-140	71.7653
Spain	16276	55-58 140-140	63490	38-40	115-115	4.4107
Greece	16276	55-58 140-140	2233	38-40	77-79	81.933
Sweden	16276	55-58 140-140	1000	0-5	143-140	71.7653
Switzerland	25975	1-6 31-28	1149	37-35	99-95	0.0294
Australia	21425	7-8 32-31	13572	7-9	58-55	0.8254
Hong Kong	16239	55-58 140-140	27394	38-40	115-115	4.4107
New Zealand	25975	1-6 31-28	1000	0-5	143-140	71.7653
Singapore	25975	1-6 31-28	12555	14-9	42-82	1.0372
South Africa	16239	55-58 140-140	3750	4-7	10-6	2.5446
Thailand	23304	0-4 31-28	14610	21-9	63-90	1.0000

Country	Sterling £m	Dollar \$m	Country	Sterling £m	Dollar \$m
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Interest Rates

UK		Germany		US		Japan	
Discount	6.75%	Discount	3.50%	Discount	8.75%	Discount	0.50%
France		Canada		Discount	5.25%	Belgium	
Intervention	5.00%	Lombard	5.50%	Fixed Funds	3.75%	Denmark	0.95
Discount		Denmark	7.75%	Swiss		Switzerland	2.00
Netherlands		Discount	6.85%	Q-1 Day Paper	9.25%	Discount	4.00
Advances	3.75%	Discount	5.00%	Sweden		Denmark	4.05
				Repo (Avg)	8.91%		

Bond Yields						
Country	5yr	yield %	10yr	yield %	30yr	yield %
UK	2%	223	4%	733		
US	6%	616	6%	516		
Japan	6%	154	4%	276		
Australia	7%	880	7 1/8%	855		
Canada	6%	504	5 1/8%	526		
France	7%	837	7 1/8%	771		

Country	5yr	yield %	10yr	yield %	30yr	yield %
Netherlands	5%	535	7%	616		
Italy	5%	533	6 1/8%	616		
Belgium	6%	576	6 1/8%	616		
Spain	7%	570	7 1/8%	616		
ECB OAT	5%	669	6 1/8%	714		

Money Market Rates

	0 1/2	7 Day	1 Month	3 Months	6 Months	1 Year
Interbank	5 7/8	6 1/4	6 3/4	6 3/4	6 3/4	6 3/4
Shanghai Cdn	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
Local Authority	5 1/2	6 1/4	6 3/4	6 3/4	6 3/4	6 3/4
Discount Market	5 1/2	6 1/4	6 3/4	6 3/4	6 3/4	6 3/4
Primary Sales (Buy)	5 1/2	6 1/4	6 3/4	6 3/4	6 3/4	6 3/4
ECU Linked	5 1/2	6 1/4	6 3/4	6 3/4	6 3/4	6 3/4
ECU Linked	5 1/2	6 1/4	6 3/4	6 3/4	6 3/4	6 3/4

Liffe Financial Futures

Contract	Settlement price	High/Low for day	Est/Cons traded	Open Interest
Long Grid (Dec 85)	107.19	108.42	62289	116000
Swiss Bond (J & Bond) (Dec 85)	97.29	97.93	50408	50408
Italian Bond (Dec 85)	121.88	121.93	5962	8000
Italian Bond (Dec 85)	103.98	103.90	50889	80000
Local Sterling (Mar 86)	93.45	93.45	1706	70500
Local Sterling (Mar 86)	93.82	93.87	22240	46000

ECU	(May 96)	9621	9627	9620	34560	75822
	(Dec 96)	9444	9451	9443	2274	8706
	(Mar 96)	9459	9464	9459	866	5126

	(Dec 95)	(Dec 96)	(Dec 97)	(Dec 98)	(Dec 99)
Euro SFr	9294	9801	9792	9901	2182
FTSE 100	35430	35750	35980	1584	2
DAX	2900				2600
Euro Sto	8940	8382	8935	1520	2600

Liffe FT-SE Index Option					
Settlement price	3536.0	closing offer price			Cglt/Pn
Series	3450	3500	3550	3600	Total/vol
November	324/5	52/3	22/25	6/74	
December	51/50	53/45	63/60	38/65	
January	52/45	78/64	83/85	67/74	
February	74/55	144/73	174/100	91/27	

Commodities			
INDUSTRIAL METALS - London Metal Exchange			
Symbol	Unit	3mth	Volume
Alum	1000		
Cu	1000		
Lead	1000		
Nickel	1000		
Platinum	1000		
Palladium	1000		
Silver	1000		
Zinc	1000		

Alu	Alloy	1390-1400	1430-40	630	50320	+	80
Copper	A	2990-95	2807-08	65029	201952	+	3775
Lead		679-80	6815-682	5772	189900	.	2825

Nickel	8465-25	8340-45	8217	50595	-	384
Tin	6380-25	6355-40	6233	40775	-	280
Vanadium	10350-15	10245-10	10213	70625-50	-	2900
Structural Chemicals						
CS	CS	MS	SV			
PRECIOUS METALS						
per lb fine						
Platinum	41350	28205	27315	359	253	Krugfrands 37658 2364
Gold	13425	10430	10215	122	108	505 69298 250
Palladium	6358	541	524	35	35	Madras 40775 2505
Gold Bull	10550	98400	Bransome 10 cc	42	30	Mople Leaf 35759 2455
			Bransome 10 cc	42		

AGRICULTURAL						
Cocoa	Coffee	Barley	Potatoes	Potatoes		
LCE	L/mon	L/mon	L/mon	LCE	L/mon	L/mon
Doe	537	Nov	2528	Nov	27602	Nov
Doe	537	Nov	2528	Nov	27602	Nov
Mar	537	Jan	2502	Jan	2275	Apr
Mar	537	Mar	2502	Mar	2275	Apr
Mar	537	May	2502	May	2275	Apr
Mar	537	May	2502	May	2275	Apr
Mar	537	May	2502	May	2275	Apr
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Mar	537	May	2502	May	2275	Apr
Mar	537	May	2502	May	2275	Apr
Mar	537	May	2502	May		

LCE	E/tonne	LCE	E/tonne	LCE	E/tonne	LCE	E/tonne	CBOT	Cents/bushel
Dec	374.70	Jan	73.25	Nov	774.5	Nov	125.50	H-Ln	Set
Mar	35.280	Mar	70.90	Dec	774.0	Jan	128.15	Dec	33200-330.75

[illegible]

*GSCI Index	Base date	+Spot	%Day Chg	Dec 31st	%Yr to d chg	Year ago	% Yr chg
Index	1970=100	194.1	+0.4	190.75	+2.02	178.92	+3.81

Agribusiness	\$707.00	29.34	3.03	\$610.01	+1.21	236.00	+1.52
Automotive	\$707.00	20.66	2.06	\$686.34	+1.51	236.00	+1.51
Industrial Metals	\$717.00	27.58	4.06	\$689.42	+3.86	200.00	+2.21
Lifeboats	\$707.00	17.88	+1.39	\$695.62	-1.77	189.00	+1.18
Private Equity	\$707.00	49.17	4.06	\$657.83	+4.06	236.00	+1.52

Source: Standard & Poor's Co. *USD is a trademark and service mark of Standard & Poor's Co. (Close as of 6/15/95)

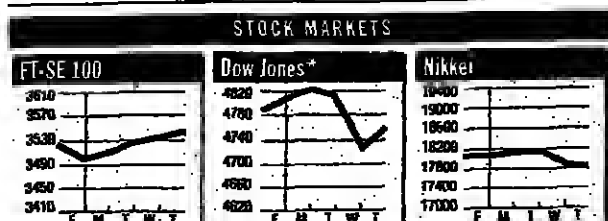
100 Largest Insurance Funds

Stock	Mid	Old	Stock	Mid	Old	Stock	Mid	Old
Active Life Managed G1	305.0	72.0	Lincoln Life Schedules 52	458.0	434.0			
Active Income Managed	305.0	72.0	Lincoln Life Schedules 53	458.0	434.0			
Active Life Managed G2	305.0	72.0	MLF Managed Bond	458.0	434.0			
Active Life Managed G3	305.0	72.0	MLF Managed Bond A	458.0	434.0			
Active Life Pre-23 Way	305.0	72.0	MLF Managed Bond B	458.0	434.0			
Active Life Managed G4	305.0	72.0	MLF Managed Bond C	458.0	434.0			
Active Life Managed G5	305.0	72.0	MLF Managed Bond D	458.0	434.0			
Active Life Managed G6	305.0	72.0	MLF Managed Bond E	458.0	434.0			
Active Life Managed G7	305.0	72.0	MLF Managed Bond F	458.0	434.0			
Active Life Managed G8	305.0	72.0	MLF Managed Bond G	458.0	434.0			
Active Life Managed G9	305.0	72.0	MLF Managed Bond H	458.0	434.0			
Active Life Managed G10	305.0	72.0	MLF Managed Bond I	458.0	434.0			
Active Life Managed G11	305.0	72.0	MLF Managed Bond J	458.0	434.0			
Active Life Managed G12	305.0	72.0	MLF Managed Bond K	458.0	434.0			
Active Life Managed G13	305.0	72.0	MLF Managed Bond L	458.0	434.0			
Active Life Managed G14	305.0	72.0	MLF Managed Bond M	458.0	434.0			
Active Life Managed G15	305.0	72.0	MLF Managed Bond N	458.0	434.0			
Active Life Managed G16	305.0	72.0	MLF Managed Bond O	458.0	434.0			
Active Life Managed G17	305.0	72.0	MLF Managed Bond P	458.0	434.0			
Active Life Managed G18	305.0	72.0	MLF Managed Bond Q	458.0	434.0			
Active Life Managed G19	305.0	72.0	MLF Managed Bond R	458.0	434.0			
Active Life Managed G20	305.0	72.0	MLF Managed Bond S	458.0	434.0			
Active Life Managed G21	305.0	72.0	MLF Managed Bond T	458.0	434.0			
Active Life Managed G22	305.0	72.0	MLF Managed Bond U	458.0	434.0			
Active Life Managed G23	305.0	72.0	MLF Managed Bond V	458.0	434.0			
Active Life Managed G24	305.0	72.0	MLF Managed Bond W	458.0	434.0			
Active Life Managed G25	305.0	72.0	MLF Managed Bond X	458.0	434.0			
Active Life Managed G26	305.0	72.0	MLF Managed Bond Y	458.0	434.0			
Active Life Managed G27	305.0	72.0	MLF Managed Bond Z	458.0	434.0			
Active Life Managed G28	305.0	72.0	MLF Managed Bond AA	458.0	434.0			
Active Life Managed G29	305.0	72.0	MLF Managed Bond AB	458.0	434.0			
Active Life Managed G30	305.0	72.0	MLF Managed Bond AC	458.0	434.0			
Active Life Managed G31	305.0	72.0	MLF Managed Bond AD	458.0	434.0			
Active Life Managed G32	305.0	72.0	MLF Managed Bond AE	458.0	434.0			
Active Life Managed G33	305.0	72.0	MLF Managed Bond AF	458.0	434.0			
Active Life Managed G34	305.0	72.0	MLF Managed Bond AG	458.0	434.0			
Active Life Managed G35	305.0	72.0	MLF Managed Bond AH	458.0	434.0			
Active Life Managed G36	305.0	72.0	MLF Managed Bond AI	458.0	434.0			
Active Life Managed G37	305.0	72.0	MLF Managed Bond AJ	458.0	434.0			
Active Life Managed G38	305.0	72.0	MLF Managed Bond AK	458.0	434.0			
Active Life Managed G39	305.0	72.0	MLF Managed Bond AL	458.0	434.0			
Active Life Managed G40	305.0	72.0	MLF Managed Bond AM	458.0	434.0			
Active Life Managed G41	305.0	72.0	MLF Managed Bond AN	458.0	434.0			
Active Life Managed G42	305.0	72.0	MLF Managed Bond AO	458.0	434.0			
Active Life Managed G43	305.0	72.0	MLF Managed Bond AP	458.0	434.0			
Active Life Managed G44	305.0	72.0	MLF Managed Bond AQ	458.0	434.0			
Active Life Managed G45	305.0	72.0	MLF Managed Bond AR	458.0	434.0			
Active Life Managed G46	305.0	72.0	MLF Managed Bond AS	458.0	434.0			
Active Life Managed G47	305.0	72.0	MLF Managed Bond AT	458.0	434.0			
Active Life Managed G48	305.0	72.0	MLF Managed Bond AU	458.0	434.0			
Active Life Managed G49	305.0	72.0	MLF Managed Bond AV	458.0	434.0			
Active Life Managed G50	305.0	72.0	MLF Managed Bond AW	458.0	434.0			
Active Life Managed G51	305.0	72.0	MLF Managed Bond AX	458.0	434.0			
Active Life Managed G52	305.0	72.0	MLF Managed Bond AY	458.0	434.0			
Active Life Managed G53	305.0	72.0	MLF Managed Bond AZ	458.0	434.0			
Active Life Managed G54	305.0	72.0	MLF Managed Bond BA	458.0	434.0			
Active Life Managed G55	305.0	72.0	MLF Managed Bond BB	458.0	434.0			
Active Life Managed G56	305.0	72.0	MLF Managed Bond BC	458.0	434.0			
Active Life Managed G57	305.0	72.0	MLF Managed Bond BD	458.0	434.0			
Active Life Managed G58	305.0	72.0	MLF Managed Bond BE	458.0	434.0			
Active Life Managed G59	305.0	72.0	MLF Managed Bond BF	458.0	434.0			
Active Life Managed G60	305.0	72.0	MLF Managed Bond BG	458.0	434.0			
Active Life Managed G61	305.0	72.0	MLF Managed Bond BH	458.0	434.0			
Active Life Managed G62	305.0	72.0	MLF Managed Bond BI	458.0	434.0			
Active Life Managed G63	305.0	72.0	MLF Managed Bond BJ	458.0	434.0			
Active Life Managed G64	305.0	72.0	MLF Managed Bond BK	458.0	434.0			
Active Life Managed G65	305.0	72.0	MLF Managed Bond BL	458.0	434.0			
Active Life Managed G66	305.0	72.0	MLF Managed Bond BM	458.0	434.0			
Active Life Managed G67	305.0	72.0	MLF Managed Bond BN	458.0	434.0			
Active Life Managed G68	305.0	72.0	MLF Managed Bond BO	458.0	434.0			
Active Life Managed G69	305.0	72.0	MLF Managed Bond BP	458.0	434.0			
Active Life Managed G70	305.0	72.0	MLF Managed Bond BQ	458.0	434.0			
Active Life Managed G71	305.0	72.0	MLF Managed Bond BR	458.0	434.0			
Active Life Managed G72	305.0	72.0	MLF Managed Bond BS	458.0	434.0			
Active Life Managed G73	305.0	72.0	MLF Managed Bond BT	458.0	434.0			
Active Life Managed G74	305.0	72.0	MLF Managed Bond BU	458.0	434.0			
Active Life Managed G75	305.0	72.0	MLF Managed Bond BV	458.0	434.0			
Active Life Managed G76	305.0	72.0	MLF Managed Bond BW	458.0	434.0			
Active Life Managed G77	305.0	72.0	MLF Managed Bond BX	458.0	434.0			
Active Life Managed G78	305.0	72.0	MLF Managed Bond BY	458.0	434.0			
Active Life Managed G79	305.0	72.0	MLF Managed Bond BZ	458.0	434.0			
Active Life Managed G80	305.0	72.0	MLF Managed Bond CA	458.0	434.0			
Active Life Managed G81	305.0	72.0	MLF Managed Bond CB	458.0	434.0			
Active Life Managed G82	305.0	72.0	MLF Managed Bond CC	458.0	434.0			
Active Life Managed G83	305.0	72.0	MLF Managed Bond CD	458.0	434.0			
Active Life Managed G84	305.0	72.0	MLF Managed Bond CE	458.0	434.0			
Active Life Managed G85	305.0	72.0	MLF Managed Bond CF	458.0	434.0			
Active Life Managed G86	305.0	72.0	MLF Managed Bond CG	458.0	434.0			
Active Life Managed G87	305.0	72.0	MLF Managed Bond CH	458.0	434.0			
Active Life Managed G88	305.0	72.0	MLF Managed Bond CI	458.0	434.0			
Active Life Managed G89	305.0	72.0	MLF Managed Bond CJ	458.0	434.0			
Active Life Managed G90	305.0	72.0	MLF Managed Bond CK	458.0	434.0			
Active Life Managed G91	305.0	72.0	MLF Managed Bond CL	458.0	434.0			
Active Life Managed G92	305.0	72.0	MLF Managed Bond CM	458.0	434.0			
Active Life Managed G93	305.0	72.0	MLF Managed Bond CN	458.0	434.0			
Active Life Managed G94	305.0	72.0	MLF Managed Bond CO	458.0	434.0			
Active Life Managed G95	305.0	72.0	MLF Managed Bond CP	458.0	434.0			
Active Life Managed G96	305.0	72.0	MLF Managed Bond CQ	458.0	434.0			
Active Life Managed G97	305.0	72.0	MLF Managed Bond CR	458.0	434.0			
Active Life Managed G98	305.0	72.0	MLF Managed Bond CS	458.0	434.0			
Active Life Managed G99	305.0	72.0	MLF Managed Bond CT	458.0	434.0			
Active Life Managed G100	305.0	72.0	MLF Managed Bond CU	458.0	434.0			

Client Mgt Pkg Support	3052	3224	MPI Managed	5221	5521
CLDB Managed	3534	3720	Perst Managed Gross	5089	5549
CLUK Managed S1A52	7552	8052	Perst Mbrd Fund	1714	1814
Control Mgmt Mbrd	4074	4074	The Ideas Shared Mbrd	5007	5007

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MARKET SUMMARY



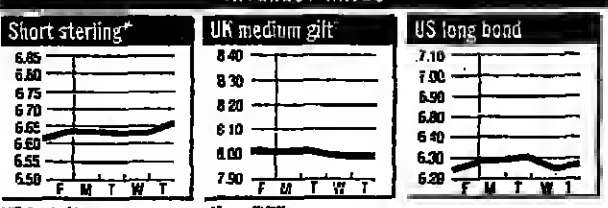
Index	Close	Day's change	Change (%)	12 mths high	12 mths low	Vol (m)
FTSE 100	3641.6	+4.8	+0.1	3999.0	2943.4	4.0
FTSE 250	3908.9	-0.8	-0.0	3991.9	3302.9	3.5
FTSE 350	1702.1	+1.6	+0.1	1759.1	1477.0	3.2
FT Small Cap	1935.7	+1.4	+0.1	1992.1	1678.6	3.4
FT All-Share	1739.5	+1.8	+0.1	1792.8	1485.2	3.9
New York	4889.8	+7.9	+0.2	4902.8	3674.6	2.5
Tokyo	17821.0	-42.3	-0.2	17753.0	14485.4	2.5
Hong Kong	9497.8	-64.6	-0.7	10032.0	6967.9	2.5
Frankfurt	2198.8	+20.5	+0.9	2317.0	1911.0	1.1
Paris	1852.6	-13.7	-0.7	2017.3	1721.1	1.1
Milan	8172.0	-173.0	-1.9	10911.0	6912.0	1.1

* New York graph at 1330 hours

MAIN PRICE CHANGES

Rises	Falls
London & Man 413 22 5.6	Ladbroke Group 132 22 14.3
Burton Group 110 5 4.8	Dorling Kindersley 510 26 4.9
BT Assets Trust 69 3 4.5	Bank of America 408 19 4.4
Wells Fargo 132 5 3.9	Smith Barney 260 12 4.4
Beazer Homes 163 6 3.8	Royal Insurance 374 15 3.9

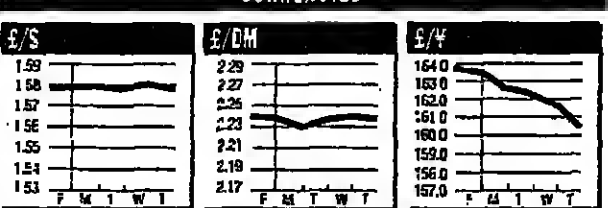
INTEREST RATES



Index	1 Month	1 Year	Medium Bond (%)	Year Ago	Long Bond (%)	Year Ago
UK	6.66	6.69	7.78	8.63	7.91	8.80
US	5.50	5.41	5.93	7.92	6.25	8.15
Japan	0.38	0.63	2.75	4.75	-	-
Germany	3.84	3.88	6.36	7.47	7.17	-

* Bank of England's base rate

CURRENCIES



Index	Yesterday	Change	Year Ago	Index	Yesterday	Change	Year Ago
\$ (London)	1.5795	-0.17	1.5963	£/DM (London)	0.6335	+0.07	0.6583
\$ (NY)	1.58	+0.02	1.6	£/¥ (London)	0.6229	-0.01	0.625
DM (London)	2.2393	-0.32	2.4506	DM (London)	1.1461	-0.05	1.248
¥ (London)	160.376	-11.318	156.545	¥ (London)	101.80	-0.725	98.04
£ Index	84.1	0.2	89.4	£ Index	90.0	0.3	-

OTHER INDICATORS

Index	Yesterday	Day's chg	Year Ago	Index	Yesterday	Day's chg	Year Ago
Oil Brent \$	16.95	+0.33	17.17	RPI	159.6	3.9%	2.4
Gold \$	385.20	+0.50	384.4	GDP	105.6	3.4%	4.1
Gold £	244.09	+0.08	240.200	Base Rates	-	6.75%	5.25

IN BRIEF

Bank lending increases

The increase in bank lending to UK residents was substantially higher in the third quarter of 1995 than the second, according to the Bank of England. Total lending (in sterling and foreign currencies) rose by £9.3bn compared with £1.7bn the previous quarter. The biggest rise was in lending to individuals, up £3.8bn, with mortgage lending up by £2.2bn compared with £1.5bn the previous quarter. There was a £2.2bn increase in lending to industrial and commercial companies, up from £400m.

EC inquires into Microsoft pricing

The European Commission is to investigate complaints from British personal vendors that Microsoft is engaging in discriminatory pricing practices. The Personal Computer Association claims that US computer companies based in Ireland receive a 60 per cent discount on Microsoft's Office software package, while PCA members in the UK get only 30 per cent. The complaint, initially made to the Office of Fair Trading, was passed on to the Commission because it involved trade between EU states. A Commission spokesman said yesterday that it would seek information on the discount practices from the companies involved in the complaints.

Link with Dorling Kindersley, page 21

Global spread bolsters Royal

Royal Insurance's worldwide spread of businesses offset a sharp drop in UK underwriting earnings in the first nine months. Pre-tax group profits rose 8 per cent to £335m. UK underwriting earnings dropped to £50m from £123m the previous year, hit by subsidence and bad weather claims. Caribbean hurricanes cost £27m, but a good North American performance bolstered overall results.

Banque de France ends emergency rate

The Banque de France replaced the 24-hour emergency lending rate, introduced at the time of the run on the franc a month ago, with the five-10 days repurchase rate. At the same time it lowered the ceiling on money market rates from 6.60 to 6.35 per cent. The move was favourably received by the foreign exchange market and the franc ended the day unchanged at DM3.4460.

PIA pushes for policy disclosure

The Personal Investment Authority, the financial services watchdog, is set to demand that insurance companies and financial advisers publish the number of the policies that they sell that are kept going over one and two years. Both the ABI, the insurers' trade body, and the IFA Association, which represents advisers, said yesterday they did not object to the proposal, although they had doubts as to whether it would be possible to compare like with like.

Retail turnover lifts Willis Corroon

Willis Corroon, the international insurance broker, yesterday reported a 28 per cent increase in profits for the first nine months of 1995, up to £71m compared with £54m in the same period last year. The company's profits rise followed a 2 per cent rise in turnover from its US and UK retail operations. Willis Corroon said its redundancy programme, which has seen about 900 staff sacked in the past nine months, has yielded savings of £26m this year and will lead to annual savings of £39m thereafter.

Rail privatisation: Venture capital groups settle in for the long haul in backing train buyouts

Rolling stock sale nets £1.8bn

CHRISTIAN WOLMAR and PETER RODGERS

The sale of British Rail's three rolling stock companies has netted £1.8bn for the Government, which will also be repaid £800m of debt as the deal goes through.

Advisers were claiming other hidden benefits for the public purse in the sale because the new owners will take responsibility for safety modifications – such as new door catches and driver's cab radios – that would have cost the taxpayer £200m.

It also emerged that £80m of the £1.8bn sale price is being held back because of doubts over the performance of the new Networker trains.

Two of the three companies, Eversholt and Porterbrook, have gone to consortia with management buyout teams as partners, and both are the largest deals of their kind the

City has seen for years. The third, Angel, has been sold to the Great Rolling Stock company, comprising Nomura International, the Japanese securities firm, Babcock & Brown, a specialist leasing company, and the consultants Pricewaterhouse Coopers.

The successful management team at Porterbrook will take between 10 and 20 per cent of the equity, depending on performance, while the Eversholt team, which is withholding £80m of the sale price until later, will hold a flat 15 per cent.

The buyout companies' new financial structure will be mainly debt, with only £2.5m of equity capital in total at Porterbrook and little more at Eversholt. It is the low value of the equity that makes the share stakes affordable to the management.

Although each employs only about 50 people, advisers in-

sisted that this financial structure would not lead to a quick bonanza for the management – like the one seen in the electricity industry – because the companies' income is fixed by contract for six or seven years ahead.

The venture capital groups backing the buyouts do not expect to sell or float them on the stock market until beyond the present contract periods. One added that political risk made it hard to be certain yet that there would be a profit on the purchase price for the management to share.

Eversholt, which despite its all-electric fleet was the most difficult to sell, appears to have been the best buy, with a price earnings ratio of 5.2, while Angel, the only one not to go to a management buyout team, has by far the highest ratio at nearly 6.3.

The three companies, known

The buyers and their backers

Eversholt Holdings £500m
Deal led by Centover Partners
Equity investors: Centover, Electric Fleming, Altrivest Holding, Advent Int, E2W Private Equity, Gartmore Investment, Royal Bank of Scotland
Debt: Deutsche Morgan Grenfell, Fuji Bank, Societe Generale, Royal Bank of Scotland

Porterbrook £565m
Deal led by Charterhouse
Equity investors: Charterhouse
Debt: Bankers Trust

Angel Train £672m
Equity investors: Pricewaterhouse Coopers, Babcock & Brown
Debt: Nomura Int'l

as Roscos, own all the railway stock in use in Britain except the cross-Channel Eurostar trains. They lease the stock, which is on average 17 years old, to the 25 train operating companies, mainly on an eight-to-10-year basis.

The Government has tried to ensure that the leases are tai-

lored in such a way that it will be worthwhile for the train operators to buy new rolling stock.

However, yesterday the new owners of the three companies all said it was up to the operators to decide when to order new stock.

John Pridaux, who is to chair Angel, said new orders

would not be expected immediately from the operators as it was "difficult in their transitional state" since they are in the process of being privatised.

No new rolling stock has been ordered by British Rail for two years and Roger Ford, editor of *Rail Privatisation News*, said: "I doubt whether we'll see any new orders for at least two years, though there is a lot of enthusiasm for refurbishing trains in their mid-life."

Eight companies were short-listed and of those only four finally put in acceptable bids, with the Nomura-Babcock & Brown team putting in offers for all three.

Sir George Young, the Transport Secretary, said the sale represented a great opportunity for the railways since the investment would now come from the private sector, freeing the industry of Treasury constraints. *Comment, page 21*

Cable cuts into BT's home base

MARY FAGAN
Industrial Correspondent

The number of BT's residential lines fell for the first time in the 12 months to September in the face of increasing competition from cable companies. The company is losing about 50,000 customers a month to cable firms that offer telephony services, but says thousands of customers are also returning to the BT fold, resulting in a much smaller net loss.

The decline in residential lines was 0.2 per cent on BT's customer base of about 20 million, but will nevertheless be seen as a victory by the cable sector. Michael Hephner, group managing director, promised to step up the fight against cable. "We are convinced our customers under-appreciate BT and are under-aware of the total picture. We have a good story to tell and we need to tell it better than in the past," he said.

The lacklustre performance in the residential sector failed to dampen BT's performance in the first half of the year, when pre-tax profits rose 7.6 per cent to £1.6bn. Earnings per share rose to 16.8p from 15p a year earlier and the interim dividend rose 5.7 per cent to 7.45p.

It also emerged that BT will fall short of its target of 10,000 voluntary job losses in the full year, with the total now expected to be about 8,000.

Sir Iain Vallance, chairman and chief executive, warned of the combined pressures of increased competition, tightening regulation and slower growth in the UK economy. Sir Iain said

call charges in the UK were now among the lowest in the world and that the "harsh regulatory regime" was inhibiting the company's progress. "The regulatory vice is unlikely to ease in the near future," he said.

The company is in negotiations with the regulator, Ofcom, over the future structure of the industry and also, in the near future, faces a review of its current price cap. Sir Iain said: "We welcome and encourage fair competition, and we support the need for an independent, accountable regulator."

"However, we will continue to fight proposals which are not in the interests of either fair competition or customer choice and which would, we believe, damage the interests of our shareholders."

Sir Iain also sought to dampen speculation over BT's alleged "deal" with the Labour Party concerning free connections for schools in return for more freedom to deliver entertainment services to their wires.

"There is no deal as such between BT and the Labour Party. But there is an understanding that, if they get into power, they will adopt the unanimous recommendations of the all-party Trade & Industry Select Committee on allowing BT and Mercury to compete across the board with the cable TV monopolies," he said.

BT's turnover grew by 2.9 per cent in the six months to 30 September, helped by an increase in business exchange line rentals and the continuing boom in mobile telephony.

Investment Column, page 23



Dummy run: Burton's finance director Andrew Higginson (left) with chief executive John Hoerner. Photograph: Gerard Lewis

NIGEL COPE

Buoyant Burton boosts dividend

The recovery of the Burton retail group took a significant step forward yesterday when it reported a 140 per cent increase in profits to £98.6m for the year to September and increased its dividend for the first time in three years.

The company also reported a 4.4 per cent increase in like-for-like sales figures for the nine weeks since 2 September, a better performance than many rival clothing retailers. Earlier this week Marks & Spencer said UK clothing sales had fallen over the last three months.

Before exceptional items, Burton's pre-tax profit increased from £41m to £93m in the year.

Although Burton's shares rose 5p to 110p on the news, the chief executive, John Hoerner, immediately moved to dampen enthusiasm by saying that current trading was "fragile". He expressed concern that the warm early autumn weather may force rivals to cut prices in order to shift excess stock. "We are pleased with the profit performance but we are very, very cautious about current trading."

The company plans to expand

its Debenhams department store chain by adding another 12 stores over the next five years to take the total to 100. A store in Leeds will open in 1997. Others are planned for Dublin, Barrow, and Brighton.

Burton also announced yesterday that it had acquired the lease on the flagship Top Shop site at London's Oxford Circus for £94.5m. Burton sold the building to Heron International and broker Strauss Turnbull for £55m four years ago.

The deal follows the £42m purchase of the Debenhams site on Oxford Street in September.

The chain store formats, which include Burton Menswear, Top Shop and Dorothy Perkins, moved from a £15m loss to a £20m profit, boosted by a move away from discounting and the impact of store refurbishments. The Debenhams stores also improved profit from £71m to £82m.

The dividend was increased from 2p to 2.2p.

Burton is also proposing a long-term share plan for its 270 senior executives that will replace the existing share option scheme.

Investment Column, page 23

Longer odds: The National Lottery is blamed for a substantial fall in betting profits

Ladbroke deals out warning

MAGNUS GRIMOND

Ladbroke, the betting to Hilton hotels group, warned yesterday that competition from the National Lottery would lead to a shortfall in group profits this year. The shares plunged 22p to 132p after the group said there had been a "substantial" third-quarter fall in profits from the betting and gaming division, which includes the UK's biggest bookmaking chain.

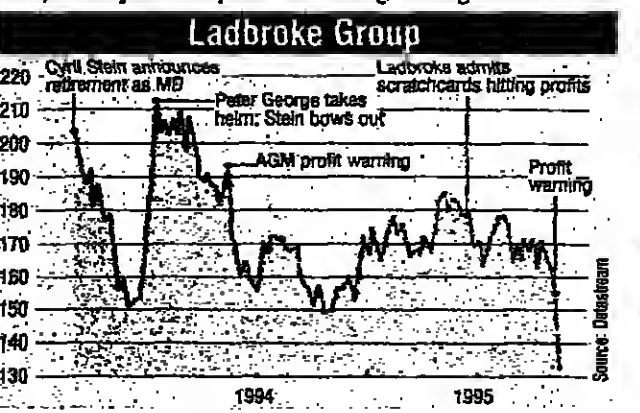
Peter George, chief executive, said: "The National Lottery has had a far greater impact on our betting businesses than was anticipated. We have responded by making some 500 people redundant in Vernons and Ladbroke Racing."

Three hundred of the job losses were announced earlier this year, with a further 150 cut at Vernons, the pools business,

last week. Analysts said they now expected the betting and gaming division to make only marginal profits in the second half ending in December. Mark Finnie at NatWest Markets said: "People had expected bad news, but they didn't expect the

devastation they have seen today." He has slashed his profits forecast for this year from £145m to £120m, some £25m below last year's underlying figure.

Shares in other companies with gambling interests suf-



fered yesterday. Rank Organisation, operator of the largest bingo chain, fell 19p to 408p. Bass, owner of the Coral betting chain, slipped 4.5p to 674.5p.

Ladbroke said turnover in Vernons was down 27 per cent in the first nine months of the year. The problems with the Lottery had been exacerbated by this year's hot, dry weather, which had led to smaller fields at races, with resulting poorer returns for bookies, and higher costs due to the start of Sunday meetings this year. There had also been a downturn in credit betting, dominated by big spending overseas clients.

Profits at Hilton International, the hotels operation, were ahead of last year in the third quarter, although the rate of growth had slowed from the first half, Ladbroke said.

Investment Column, page 23

Court frees Revenue to pursue Glaxo

MAGNUS GRIMOND

Glaxo Wellcome yesterday lost a legal judgment in favour of the Inland Revenue, which is now free to pursue the company for hundreds of millions of pounds of back tax.

However, the drugs giant said the High Court ruling was only on procedural issues and was not indicative of a tax liability on the company's part.

The company has already made substantial provisions, estimated to be up to £400m, against an unfavourable outcome of the case.

A spokesman said: "The judge was quite clear. He made no judgement on Glaxo's liability to corporation tax."

The case was brought by Glaxo to test certain issues surrounding transfer pricing, in particular whether the Inland

Revenue was allowed to review transactions by group companies prior to 30 June 1995.

Transfer pricing is a technique used to "move" profits from a country with high corporate taxation to one with lower taxes.

A spokeswoman for the Inland Revenue said: "Obviously we're pleased we won – the fact that we won would seem to suggest we've been right in the way we've applied the law for

the last 40 years." She said the parties were discussing dates for appeal hearings.

The case dates from issues stretching back to before 1980 and is not expected to hit profits this year. Although Glaxo Wellcome shares fell 18p to 857p yesterday, part of that related to disappointment over Wednesday's research briefing by the company.

Comment, page 21

CBI sees jump in retail sales

DIANE COYLE
Economics Correspondent

Retail sales picked up sharply last month, according to the latest survey from the Confederation of British Industry. In the first piece of good news after recent evidence the economy is slowing, retailers reported the biggest increase in sales since April.

Alastair Eperon, chairman of the CBI's distributive trades panel, said the results were encouraging. "It is to be hoped the competitive trading environment is now encouraging previously cautious consumers to step up their spending in the critical pre-Christmas period."

The CBI said the trend in sales over the past three months suggests they have resumed a modest upward path. The last official retail sales figures showed volumes dropped in September to their lowest in six months, but the CBI survey will raise hopes of a recovery in next week's figures for October.

However, the survey was not all rosy. Retailers were disappointed by sales in October, as they have been for nine out of the past 12 months. Sales remained below average for the time of year. Motor traders were particularly disappointed, reporting a sharp annual fall in sales. They had expected only a modest decline.

The survey showed that the positive balance of retailers reporting higher versus lower sales was 16 per cent. Book-sellers and stationers, chemists, and stores selling household durables, furniture and carpets enjoyed the biggest increases in annual sales.

Thanks in part to price discounting since the end of the Net Book Agreement, book-sellers saw their biggest rise in sales since September 1994, leaving the volume of business well above average. The balance of bookstores reporting higher sales compared to lower sales was 45 per cent, a turnaround from a balance of minus 50 per cent in August.

Chemists' sales volumes were also above average, having climbed for the third month in a row. Furniture and carpet sales rose for the first time since March, and sales of household durables increased at the fastest rate in just over a year.

There were falls in sales at shoe shops and clothes retailers. It was the third consecutive drop in clothing sales, although shoe and leather sales had seen a healthy increase in September.

Business was more buoyant at big retailers than small ones, according to the survey. Sales are expected to grow more quickly this month, although they are likely to remain below average for the time of year.

Micro to sev Dorling

Diplomat to stage

JP 11.00.15.20

Rolling stock sale clears line for privatisation

COMMENT

The Government must be hoping – probably in vain – that the rest of the rail sale goes as smoothly as Hambros' handling of the Roscos.

There is much wrong with rail privatisation but the sale of the rolling stock leasing companies (Roscos), announced yesterday, is certainly not part of the problem. This is an idea that Labour has toyed with and will probably be happy to leave untouched should it form the next government. Forget threats of a rethink being made yesterday by Opposition spokesmen.

The surprise for ministers in the rail sale is that a year ago they thought pension funds and insurance companies would show the most interest, and venture capitalists would be hard to convince. In the event, it has been the venture capitalists that have been falling over themselves to make offers and the rest of the City has yawned. The price achieved for the Roscos does not look at all bad.

In fact, these are hardly management buy-outs. The executives concerned will own one-fifth or less of the equity and the deals look much closer in spirit to a buy-in, where the financiers back managers they put in to run a company. In this case the managers were actually chosen by Hambros before the Roscos were put on the market, but the intention was much the same. The bidders were no doubt encouraged by the fact that so few of the managers came from BR.

The Roscos have been sold debt-free with no direct subsidies and so have been massaged into attractive animals to buy. But this is an industry that will continue to rely on subsidy so it is a matter of choice for the Government which parts bring in the money

and which don't. The Government has chosen to pay the subsidy to the train-operating companies, which then hand it over to the leasing companies to pay for rolling stock, and to Railtrack for track access charges. The structure is designed so the main proceeds of privatisation come through the Roscos and Railtrack. The Government must be hoping – probably in vain – that the rest of the rail sale goes as smoothly as Hambros' handling of the Roscos, which may well prove to be worth as much as Railtrack's rapidly shrinking price tag.

Whatever the merits of this rushed disposal of the railways ahead of the election, getting £1.8bn into Treasury coffers now is the watershed in the process. After the Roscos, there is little doubt that the rest of the railways will be sold.

After Gates, which way for DK?

What's the opposite of the "Max factor"? As Dan Wagner, chief executive of MAID, would readily testify, it is the "Gates factor" and it works like this. If Bill Gates of Microsoft does so much as glance in your company's direction, it sends your share price soaring as predictably as Robert Maxwell used to send share prices plunging. So what is going to happen to poor little Dorling

Kindersley as it parts company, on the best of terms, with the mighty Microsoft?

When Microsoft, the US software giant, paid £8m for 26 per cent of high-class publishing house nearly five years ago, there was arguably a good case for the link. Microsoft was developing its multimedia business, but it had no "content" to speak of – plenty of technology, but not much product. It also had pots of cash. Dorling, by contrast, had plenty of best-selling book titles, and a growing reputation in the US children's and educational markets. Many of its best-sellers were natural candidates for the multimedia treatment: books such as Musical Instruments would work even better as interactive titles. But Dorling was relatively small and under-financed; building a multimedia business is belittlingly expensive, and mistakes easy to make.

A marriage made in heaven, then. And, indeed, the two managed to develop a few titles and to sign some licensing arrangements, some of which will continue even after Microsoft bails out later this month.

In the intervening years, Dorling took the brave but ultimately rewarding decision to develop its own multimedia products independently, ensuring that its hard-won reputation for quality would be maintained and that it would benefit directly from the fat margins CD-Roms continue to fetch.

Microsoft, for its part, charged ahead with its own multimedia ventures. So what had been strategic was beginning to look purely

financial, and Microsoft quite rightly decided to cash out (at more than seven times its initial investment).

Dorling has a bright future in an expanding business. There are more than 1 million CD-Rom players in UK homes, and the market is growing exponentially. Dorling may never have got as far as it did without the leg-up received from Microsoft. For its part, the US company has been paid in spades for the help provided. Divorce is never anything but painful and in this case there is bound to be a short-term impact on the share price. Dorling is now well enough established, however, to thrive without the "Gates factor".

Glaxo's long-term outlook looks good

A great deal of hope has been invested by the City in the spanking new strategy Glaxo is developing to deal with the aftermath of its merger with Wellcome. What analysts actually got, however, seems to have left many distinctly underwhelmed. Appropriately enough, the venue for announcing the new approach was the company's ultra-modern £700m laboratory complex at Stevenage in Hertfordshire. Heralded as the first major statement on the group's drug pipeline since the £9bn takeover of Wellcome earlier in the year, the shares

have done well in the run-up to the event. Judging by yesterday's 18p fall to 857p, the news failed to live up to the splendour of the forum. The market had been hoping for some excitement on new drug prospects. In the event, Glaxo had little more to say about its new drugs than was already known, beyond a long list of prospects which may or may not make it to commercial development.

Today's meeting in New York could provide more fireworks. US analysts have proved enthusiastic about new drugs like the EpiVir anti-Aids drug, which received approval from a key Food and Drug Administration committee this week. Even so, short-term prospects are plainly dull while the ferocious pace of change in this industry leaves the future as uncertain as ever.

If nothing else, however, analysts can be certain that with the Wellcome merger and the new research and development strategy outlined at Stevenage, Glaxo is better placed than most to cope with the revolution taking place in pharmaceuticals. The Wellcome merger will eventually yield £700m of annual cost cuts. The little-publicised acquisition of Affymax for \$533m (£337m) earlier this year, may also have given Glaxo a crucial competitive edge. This Californian computer simulation and robotics company increases hugely the group's capacity to test new compounds for medical applications and makes its aim of bringing three new drugs to market every year an entirely credible one.

Multimedia: Software giant set to make £50m profit out of near-five-year alliance with UK publisher

Microsoft to sever Dorling ties

MATTHEW HORSMAN
Media Editor

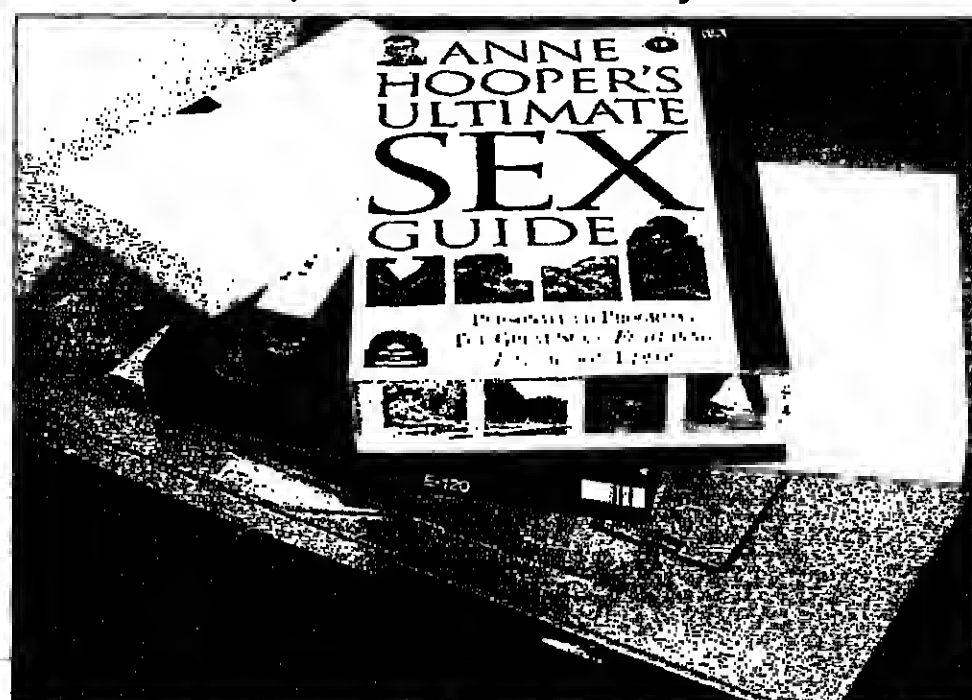
Microsoft's near-five-year strategic alliance with Dorling Kindersley is to end with the news yesterday that the US software giant is selling its entire 18 per cent stake in the UK book and CD-Rom publisher. The shares, worth £50m, will be placed with institutions in the UK and on the Continent later this month. Co-operation between the two had waned in

recent years as both moved to develop their own electronic publishing titles.

"The relationship at the outset was driven more by commercial than by investment considerations," Peter Kindersley, chairman and chief executive, said. "But with both companies now well established as electronic publishers in their own right, the commercial benefits are not dependent on a continued shareholding."

Gregory Maffei, Microsoft's treasurer who has represented the US company on the DK board, said: "Since Microsoft is primarily a developer of software rather than an investor, and since the value of its shareholding has appreciated considerably since 1991, it has decided to realise its investment."

Microsoft, which paid £8m for a 26 per cent stake prior to the flotation of DK in 1992, will realise a capital gain of about £50m. Shares have risen sharply recently, spurred by growing profits and by periodic rumours that a buyer – Microsoft perhaps



CD romp: One of four new titles developed by the multimedia company, chaired by Peter Kindersley (top right), which has ended its link with the US's Microsoft, headed by Bill Gates (bottom right)



Main photograph: Tony Buckingham

– might make a full bid. The speculation was fuelled by Bill Gates, Microsoft founder and chief executive, earlier this year, when he confirmed a willingness to move into Turner Entertainment, the US film and TV giant since sold to Time Warner. Many in the industry expected further deals and viewed DK as a logical target.

Initially, the link with Microsoft led to jointly developed titles such as Musical Instruments and a licensing arrangement, which will remain in

place. DK also intends to develop products for Microsoft Networks, including so-called "hybrids" that combine on-line services with CD-Rom formats. "Over the past two years, DK, originally a publisher of lavishly illustrated books, has diversified independently into the CD-Rom market, concentrating on children's and educational titles, including the best-selling *The Way Things Work*. Four new titles are being shipped to retail outlets, including *Anne Hooper's Ultimate Sex Guide*.

The multimedia side accounts for almost 9 per cent of turnover, which last year rose to £138.6m. The CD-Rom market is expected to grow radically in the UK and in continental Europe. The company said revenues in the first quarter would be in line with expectations, and ahead of last year. Analysts said yesterday that Microsoft's departure would not affect the company's performance. "Initially, the Microsoft link provided the technical back-up," Neil Black-

ley, media analyst at Goldman Sachs, said. "But DK decided it wanted to be the Rolls-Royce of multimedia, and wants to use its reputation for quality and earn the higher margins of the new media. It was a high-risk strategy, but it has paid off."

Lower US costs fuel rate hopes

DIANE COYLE
Economics Correspondent

A fall in prices charged at the factory gate last month and a rise in unemployment claims last week renewed hopes of a cut in US interest rates before the year-end. Prices fell for the third time in five months.

Backing for expectations that the Federal Reserve will soon reduce its key short-term interest rate came from Martin Feldstein, the US economist.

Speaking at a seminar in London, the Harvard professor and former chairman of the Council of Economic Advisers under President Reagan said: "I think we will see a cut in the Federal Funds rate after the budget is settled."

Share prices surged again yesterday with the Dow Jones industrial index 20 points higher at 4,873 by late morning, after setting a record on Wednesday. However, concerns about the danger of a temporary default on US Treasury bonds took the bond market lower yesterday and led to a tumble in futures prices.

The Clinton administration and the Republican-dominated Congress are locked in a bitter battle over plans for budget cuts, with Congress obstructing an increase in the government's debt ceiling. Most observers still

think there will be a budget agreement before long. But it will not happen in time for next Wednesday's meeting of the Fed's policy committee.

Professor Feldstein said there could be an agreement before the Fed meeting on 19 December. However, he predicted that the next reduction in US interest rates would be the last. Increasing inflationary pressures would lead the Fed to start increasing rates after next November's presidential election.

Many Wall Street analysts disagree, greeting yesterday's figures as evidence of the absence of any inflationary threat. John A. Williams, chief economist at Bankers Trust, said: "There is no evidence of any current inflation and none in the pipeline."

The benchmark long-term bond yield remained near its lowest level since the beginning of 1994. Alison Cottrell, an analyst at Paine Webber, said: "It would take an astonishingly bad figure to deflect the bond market from its optimism." Prices charged by producers fell 0.1 per cent in October. "Core" prices, excluding food and energy, were flat. The price of crude goods rose 0.3 per cent after a 1.9 per cent jump in September. New jobless claims rose unexpectedly to 375,000 last week.

Diplomat tried to stage rescue

A high-ranking Israeli diplomat told the Old Bailey yesterday how he tried to arrange a £400m rescue bid for the Maxwell group because he felt indebted to Robert Maxwell. But David Kimche said neither of the Maxwell brothers, Kevin and Ian, told him about the huge pension fund liabilities. Dr Kimche, the retired director general and a roving ambassador at large, said he knew that after Maxwell's sudden death at 51, the shares in his group plunged and that his son urgently needed cash to prop up the ailing empire.

He met them in London to try to see if he could find someone willing to invest in the group.

"I didn't do it for a fee or for a cut. I was doing it as a favour," he said. He felt indebted to Maxwell because of the help he had given him through his Russian contacts in enabling Russian Jews to leave for Israel.

Dr Kimche said he immediately thought of his friend, Roger Tamraz, as a possible investor because he knew he was very wealthy, a brilliant businessman and had extensive contacts with the Arab Gulf states.

In the days after Mr Tamraz's death he approached Mr Tamraz about investing £400m in the

The Maxwell Trial



Day 100

group. Dr Kimche understood he would lead a syndicate of wealthy Arabs to raise the money. Cross-examined by Richard Lissack QC, for the prosecution, Dr Kimche said he believed the reason that the rescue bid failed was because time ran out.

Mr Tamraz told the court he believed the injection of £400m would have saved the Maxwell empire.

He agreed when cross-examined by Mr Lissack that an arrest warrant had been issued for him by a Lebanese court accusing him of a £200m fraud, that he had been jailed for two years in his absence in Jordan and had been ordered by a Paris court to pay \$56m to a French bank.

Kevin, Ian, and Larry Tamrazenber, a former Maxwell adviser, deny conspiracy to defraud the pension fund. The trial continues today.

Lyonnaise seeks agreed bid for Northumbrian

MARY FAGAN
Industrial Correspondent

Lyonnaise des Eaux de France hopes to hammer out proposals for an agreed takeover of Northumbrian Water at a meeting scheduled for next Tuesday. The discussion between the two companies follows months of uncertainty over Lyonnaise's intentions, culminating earlier this week in the Government clearing a potential bid for the UK water group.

David Cranston, Northumbrian Water's chief executive, said: "From our point of view we are not for sale. We believe that any benefits of a takeover could be done through co-operation locally and at the international level. All we want to see is some clarity as to their purpose and that is why we have agreed to meet."

Sir Frederick Holliday, chairman, added: "The board

remains confident of Northumbrian's strong prospects as an independent company."

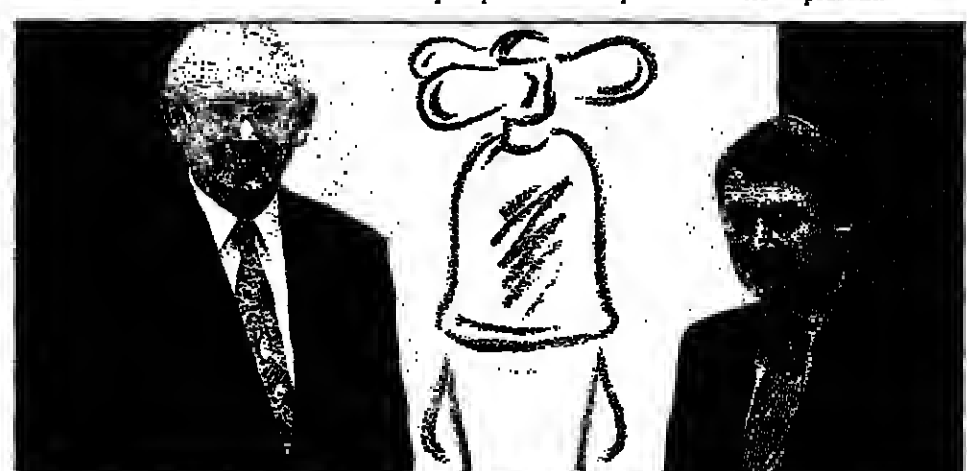
Northumbrian made clear that a package of shareholder and customer handouts is on the way, whether or not Lyonnaise mounts a bid. Mr Cranston said the company was in discussions with the industry regulator, Ian Byatt, over the detail. But the likely outcome could include a customer rebate next year and a package for shareholders, possibly including preference shares.

Speaking as Northumbrian announced a 33 per cent increase in interim pre-tax profits to £61.4m, Mr Cranston said the board was seeking to share out the benefits of efficiency gains over and above those required by the regulatory regime. He said these arrangements, which would be of "considerable benefit" to both

shareholders and customers, would not be announced until after clarification of the "unwelcome and uncertain situation created by Lyonnaise des Eaux".

Northumbrian's earnings per share in the six months to 30 September increased to 70.3p from 59.1p a year ago. The interim dividend increased by 17 per cent to 11p.

The company said any future benefit-sharing plans could result in a "step reduction" in the dividend cover to not less than 2.5 times from around four times at present.



Ready for battle: Northumbrian Water's chief executive David Cranston (left) and finance director J Michael Taylor yesterday

Northumbrian would be the first of the 10 big water and sewage companies to fall prey to a takeover bid. Ian Lang, President of the Board of Trade, has imposed reductions in water bills of 15 per cent over six years as a condition of a bid by Lyonnaise, which already owns neighbouring North East Water and would merge the two companies. City analysts believe Lyonnaise could win Northumbrian at between £11 and £12. Shares in the water company yesterday fell by 2p to £10.91.

Speculation also continued over the future of South Wales Electricity following the announcement on Wednesday by Welsh Water that it was considering a bid for the electricity firm. Welsh Water first swooped on Swalec five years ago, at one point holding a 15 per cent stake, but was consistently rebuffed in its advances.

Truce looms in magazine battle

NIGEL COPE

Tesco's threat to shake up the newspaper and magazine distribution industry receded yesterday after distributors and wholesalers agreed to put their own house in order.

The prospect of peace increased after the two sides met at a specially convened meeting of the Association of Newspaper and Magazine Wholesalers in London. Those present included the big newspaper and magazine distributors such as WH Smith and John Menzies as well as supermarket groups Tesco, Sainsbury and Asda, which are keen to sell more magazines through their stores.

Tesco had threatened to launch its own distribution service if the existing system was not made more flexible. Tesco's chairman, Sir Ian MacLaurin,

launched a fierce attack on the industry last month, claiming it was uncompetitive and outdated. He complained that supermarkets were unable to obtain sufficient supplies of big-selling magazines while smaller newsagents were often sent more copies than they needed.

The wholesalers have agreed to improve the service they offer and make it more appropriate for the needs of high-volume customers such as the supermarkets.

Central to the discussions were proposals to cut costs and ease the burden of administration on the supermarkets. These include quicker supply of newspapers and magazines, the standardisation of documents to make administration more efficient and a limit to increases in carriage and service charges to an agreed formula. This

refers to the cost of delivering newspapers and collecting unsold copies.

Although the proposals are only seen as a first step towards a formal agreement, Tesco said it was satisfied with the outcome of the talks. "We welcome any moves that make the system more flexible. These are encouraging signs and we are pleased that a debate is now going on," the company said.

Christopher Stupples, director of the Association of Newspaper and Magazine Wholesalers, said: "Ultimately, our aim is to ensure the public gets the titles they want when and where they want them. This is not something that wholesalers can guarantee by themselves. It is up to the industry as a whole. We are now looking to retailers to help us build on the very important progress we have made today."

Germany 'will miss EMU date'

PAUL WALLACE
Economics Editor

Further doubt was cast on the feasibility of achieving European Monetary Union in 1999, when the chief economist of the Deutsche Bundesbank said Germany might itself not meet the criteria for eligibility to take part in EMU in 1999.

Oskar Issing, who is a leading figure on the Bundesbank Council, said that Germany itself faced problems given the big financial transfers still passing from western to eastern Germany.

According to David Marsh, director of European Strategy at investment bank, Robert Fleming, the statement by Dr Issing was potentially significant because it gave a further reason why the 1999 date might be postponed. "He is reverting to

his original somewhat pessimistic forecast that Germany won't meet the debt/GDP or the budget deficit ratios by 1997," said Mr Marsh.

At a press conference in London, Dr Issing said that the excessive budget deficit procedures in the Maastricht Treaty once monetary union had occurred were not enough. "They are too weak, we need sanctions that are triggered automatically," he said. He also said that the Maastricht Treaty implied that "in normal times the deficit will be lower than 3 per cent."

He also struck a distinctly sceptical note about the "discrepancy" between the move to a single currency and a supranational bank on the one hand and the "very preliminary elements" towards political union on the other hand.

In a speech to a conference organised by the Institute of Economic Affairs, Dr Issing poured cold water on the idea that the move to EMU would promote further political integration.

"If, for whatever reasons, agreement is not possible on effective joint action and on a state-building European order to underpin it constitutionally, how is it possible to expect the desired result to emerge automatically, as it were, through the catalyst of a single currency?"

He also attacked the idea that a single market requires one currency, a central plank of the European Commission's advocacy of EMU. "For the European Union as a whole," he said, "the argument of 'safeguarding the internal market' by a rapid transition to monetary union is not convincing."

COMPANY RESULTS				
	Turnover £	Pre-tax £	EPS	Dividend
Bell Bros (F)	33.9m (120.2m)	5.57m (5.99m)	28.8p (32.9p)	5.4p (4.5p)
British Telecom (B2)	2.55bn (2.47bn)	732m (712m)	7.6p (6.9p)	7.45p (7.05p)
British Telecomm (B2)	1.88bn (1.91bn)	98.6m (41.1m)	7.6p (6.9p)	1.2p (-)
British Group (F)	57.6m (48.1m)	2.42m (1.94m)	4.8p (4.05p)	1.2p (1.0p)
British (F)	168m (155m)	0.44m (0.79m)	0.38p (0.66p)	nil (nil)
Northumbrian Water	-	0.44m (0.79m)	0.38p (0.66p)	nil (nil)
Raglan Properties (F)	-	335m (311m)	41.8p (42.7p)	nil (nil)
Royal Insurance (Banc)	-	6.5m (7.1m)	5.8p (4.9p)	2.3p (2.2p)
Shawcross Industries (F)	17.4m (165m)	0.91m (1.28m)	3.8p (4.13p)	nil (nil)
Shawcross Industries (F)	18.1m (13.9m)	0.91m (1.28m)	3.8p (4.13p)	nil (nil)
Shawcross Industries (F)	510m (517m)	73.3m (64.4m)	11.2p (7.8p)	1.85p (-)

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THE INVESTMENT COLUMN

Edited by TOM STEVENSON

Income growth underpins BT

BT is running extremely fast just to stand still. A soggy domestic economy, competition from cable and a pricing regime exacerbated by relatively low inflation have together kept the lid on the 5.7 per cent dividend increase that greeted with such open relief. BT may have gone ex-growth, but it can still be relied on for healthy real increases in income.

Results for the half-year to September, with pre-tax profits up from £1.49bn to £1.61bn, looked respectable enough, but strip out last year's exceptional premium on the repurchase of a tranche of bonds, and the underlying growth was negligible. Before redundancy charges there was actually a small decline. The fine print revealed some worrying trends.

For the first time, the number of residential lines fell, albeit by a modest 0.2 per cent. On average, the cost of inland calls fell 11 per cent compared with a year earlier, more than wiping out the benefit of higher call volumes, and leaving turnover down 4.6 per cent. The company's perennial whingeing about its regulator is taking on an increasingly desperate edge.

That is the bad news, and there is enough of it to mean the current yield of 6.3 per cent, well below the income the market is demanding from British Gas, for example, is barely over-generous. But all is not gloom; having drifted for four years, and after a particularly weak last three months, the shares are starting to look attractive again.

As long as BT can manage the decline of its core residential business, other areas offer exciting growth potential. Cellnet, for example, saw 360,000 new subscribers added to its network in the six-month period, bringing the total to over two million. Mobile telecoms turnover grew by 38 per cent to £410m. Business exchange lines also continued to grow, and other services, including the Yellow Pages, moved smartly ahead.

The changes sweeping through the telecommunications industry are so fast and far-reaching that nobody can do more than guess what the sector will look like in five or 10 years. But if any company can capitalise on developments in mobile telephony and multimedia, BT with its rock-solid finances

and market dominance is it. Along the way, if it can more or less guarantee dividends growing at almost twice the current rate of inflation, its shares, up 7.5p to 371.5p, should be well underpinned.

Concerns hang on at Burton

Burton has come a long way since the dark days of 1991, when it reported a thumping £185m loss after a bucketload of exceptional items. Since then the shares have zoomed from 30p to 110p, up another 5p yesterday. Burton is starting to look more and more like a credible retailer.

Yesterday's results were further reward for chief executive John Hoernig's strategy of moving the stores away from permanent discounts to a policy of selling "prime" - meaning full price. This has limited sales growth but im-

proved the margin, which increased by 3.7 percentage points last year.

Given recent figures from M&S, Burton's current trading looks encouraging, with a 4.4 per cent increase in the nine weeks since September. Like other retailers, Burton is reducing its supplier base and forging closer links with those it keeps. Stores are also being refurbished at a rate of knots.

A recurring concern is that the group remains over-reliant on Debenhams. Of the group's £102m retail profit last year, Debenhams contributed £82m. The chain stores, which include 1,300 shops in half a dozen formats, returned a profit of only £20m on sales of £1.8bn, a miserable return of just over 1 per cent.

To be fair, many of these are heading in the right direction. Burton Menswear reduced losses and the Top Shop/Top Man chain bounced from loss to profit. But Dorothy Perkins still seems to be struggling despite an expensive re-fit and heavier advertising. Analysts are forecasting profits of

£113m this year, which puts the shares on a forward rating of 18. With the shares already up 50 per cent this year and concern that rival retailers might destabilise Burton's margins strategy by cutting prices, that is too high.

Ladbroke hit by betting shortfall

Peter George has done little for shareholders in Ladbroke since he took over at the start of 1994. The shares hit a high of around 212p as the market welcomed the end of the Cyril Stein era, but after yesterday's 23p fall to 131p they are just 1p off their five-year low.

The ingredients of the latest profit warning are hardly a surprise. Ever since National Lottery scratch cards were launched in March, Ladbroke and rival gaming operators have been complaining bitterly about their impact on small-stake betting. The hot weather has also been a common theme. Fields have shortened as owners and trainers, fearing for the well-being of their thoroughbreds on hard race tracks, have withdrawn horses. That has made the odds on races tighter, cutting punters' enjoyment and whittling away at the bookies' margins.

Nothing new there. What has come as a shock to the market is the extent of the problems. They have clearly become so large in the third quarter that, harking a dramatic reversal in the rest of the year, the shortfall in betting and gaming will now more than offset continued growth from hotels.

Indeed it looks as if betting and gaming will be barely profitable in the second half of 1995, leading analysts to slash forecasts by around £20m yesterday. Profits of £120m this year, £8.5m below last year's "normalised" result, would put the shares on a prospective p/e of 19, dropping to 15 if Ladbroke manages £150m in 1996.

That looks a full valuation for a group which appears to be suffering more than its larger rivals, and in the absence of the long-awaited deal to reunite Hilton with the US group of the same name, it is hard to see the shares moving far.

Simon Pincombe CITY DIARY

Mandarins say 'yes' to the man from Nomura

Sir George Young, the transport secretary, was taking no chances yesterday over the sensitive sale of Britain's passenger trains. As confirmed exclusively in this newspaper, one-third of the chaos-choos will end up in Japanese hands when a consortium financed by Nomura buys Angel Train Contracts, one of the three rolling stock companies, for £672.5m.

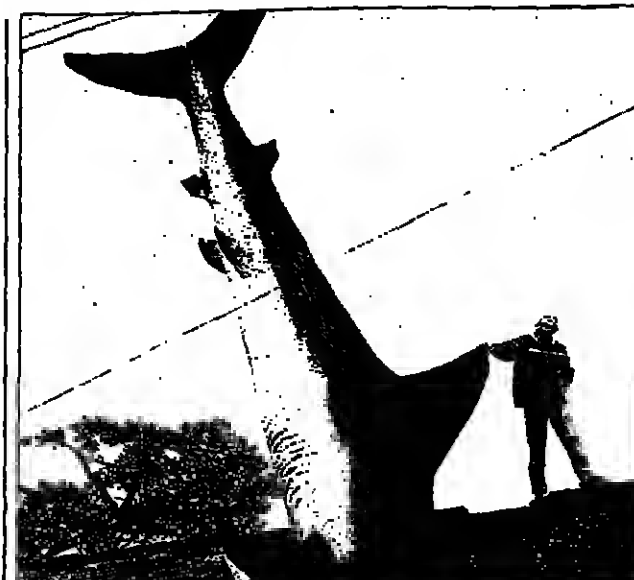
Much like the trains, it was standing room only at the London press conference to announce the sale. Unfortunately, the Government had taken the precaution of packing the room with civil servants and advisers, leaving little room for journalists, and questions.

The man from Nomura was particularly helpful. He could barely string two words of English together.

The Central Office of Information - the state's principle disseminator of information and propaganda - will be running the Budget in full on 28 November. Unfortunately, the COI's computer is unable to replicate the £ sign.

Accountancy Age probably made a mistake when it invited Ian Hislop to present the magazine's annual awards at a black tie thrash in London on Wednesday. The sheer absurdity of the occasion proved too much for the satirist and the handing out of the awards quickly developed into a farce.

The point of no return arrived when the *Private Eye* editor announced a short-list of six for the Best Big Firm award (there are only six). After that it was all downhill, with Mr Hislop staging theatrical yawns as accountants collected their trophies. Struggling to find a finan-



Word filters down from Oxford that Bill Heine, the radio chat-show host who fell out with the local council after burying a 25ft fibre-glass shark (above) in his roof, has been disqualified as a company director for four years. The Department of Trade and Industry took a dim view of Mr Heine's cash-flow improvement techniques, namely "the retention of Crown monies" (VAT and tax to you and me) and prosecuted. The judgment - which is unlikely to help the broadcaster's claim to the moral high ground on his show - follows the collapse in 1994 of his Penultimate Picture Palace Company which owned cinemas in Oxford and Brighton.

As possible for the charity. This inglorious return to the big time has been prompted by the plight of Mr Dolding's Capel colleague, Tim Bates, who used to run for Cancer Research with him. Mr Bates is now fighting cancer. Mr Dolding says he has already raised over £32,000 but individual and corporate sponsors are still desperately needed. If you can help please phone Mr Dolding on 0171-621-0011.

Having wrecked his knees in a series of marathons for Cancer Research, Max Dolding, the 52-year-old leisure analyst at James Capel, is going for another big one. The "knackered cart horse" has entered the New York marathon on 12 November and hopes to raise as much

Relief on the giggle-prone switchboard at Lehman Brothers, where Alastair Smellie, the leisure analyst, is leaving for pastures new.

Business overtures towards Labour may only flatter to deceive

Adair Turner, the CBI director-general, is balancing precariously on a wobbly high wire labelled political neutrality. Next week, when industrialists gather for their annual conference in Birmingham, politicians from both parties will be making a determined attempt to shake him off.

There are bound to be further destabilising manoeuvres by Mr Turner's own members, worried that their organisation is helping Tony Blair to look like Prime Minister-in-waiting. Mr Blair will be giving the first political speech by either main party at the conference.

It is hard to overstate the irritation of Conservative Cabinet ministers with the CBI for saying so publicly that the poli-

icy gap between the parties has narrowed, and for paying Labour the compliment of taking it so seriously. Business had better recognise its own self-interest and wake up before it's too late, one Cabinet minister was muttering darkly earlier this week. The pre-election campaign to persuade business to come back off the fence will begin in earnest in Birmingham.

Mr Turner believes that Labour has moved comfortably closer to the Conservatives on a number of issues affecting business, including macroeconomic policy, possibly on taxation and certainly on investment incentives. He sees little serious difference of philosophy between the two parties on the micro-policies promoted by the

Department of Trade and Industry or Michael Heseltine's competitiveness programme, where Labour and Tory rhetoric disguises the fact that half the time each side claims the other side is pinching its best ideas.

The clearest differences are on the minimum wage - which the CBI flatly opposes - and Labour's desire to abandon the Government's opt-out on the Social Chapter. Even there, the CBI objection is not so much to the Continental paraphernalia of works councils - multinational members already cope with that and much more - but the risk that the Social Chapter could be used to smuggle in other costlier burdens.

Set against that balanced appreciation of Labour policy,

INDUSTRY VIEW
PETER RODGERS

warts and all. Mr Adair has no choice but to reflect the views of many of his senior - and largely Tory - members, who do not trust the Labour Party's ability to deliver its industry-friendly promises. Nothing personal, Tony, but will you be able to keep it to under the stress and pressures of government?

Hence Mr Turner's careful balancing act. He says: "I don't think we have any choice but to state the facts of where we stand and our priorities, and

then comment on the policies of the Government and the Labour opposition as they line up against our priorities." Among businessmen with an eye on the post-election world, that is plain common sense. For politicians, such a clear statement of neutrality is one step away from joining the enemy.

Of course, it goes almost without saying that most senior managers do not vote Labour, have no intention of ever doing so and for the most part are in-

stinctively Tory in their outlook. But real life is more complicated. Managers have to look to the interests of their businesses, a pressure the CBI itself reflected 14 years ago when it promised the government a bare-knuckle fight over policies that were cutting a swathe through manufacturing.

The fight was stopped before the first round. But throughout the 1980s the employers' organisation was sidelined. That was mainly a consequence of the Government's lack of interest in industry, until Mr Heseltine took over the DTI three years ago. In the 1980s, complaining captains of industry were told: "We've hammered the unions for you, what more do you want?"

CBI relations with the Government today are still quite tense. The building and construction industry chairman will be waylaid by Tory ministers speaking at the conference. Mr Heseltine and Ian Lang, his successor as President of the Board of Trade, once the rock-solid base of Tory support, construction thinks it is being crucified by tight public spending and interest rate policies, and the slowness of the private finance initiative to get off the ground.

The Government's terrible muddle over Europe has also distanced it from that considerable body of senior industrialists who are highly committed Europeans. Figures such as Sir David Simon, chairman of BP and Sir Patrick Sheehy, chair-

man of BAT, put a lot of their private time into working in Brussels to influence the European Union's policies for business. The CBI's message to the Government this week to stop messing about on Europe was deeply felt.

Labour has seen a few donations from business, and the Tories a fall, but that is a long way from a wholesale switch of allegiance. The Tories are the party that in the 1980s created the union-free conditions that allowed management to manage as it liked, and pay itself handsomely too. Business sympathy for Labour is skin deep, will continue to divide the employers up to the election, and will only last as long as Mr Blair looks like winning.

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EXCLUSIVE
Liberty Shopping Day
for Independent readers

ON Sunday 19 November one of the world's greatest stores is opening its doors exclusively to readers of the Independent and the Independent on Sunday. Liberty, a byword for quality, choice, elegance and luxury, will welcome you in 21 branches nationwide, including its famous Tudor building in London's Regent Street, between 11am and 5pm.

As well as shopping in unadorned calm, there will be presentations, tastings, special offers and a ten percent discount on all purchases over £10.

Each department in a Liberty store offers the traditional and the unusual, the quirky and the downright indulgent - but always with a stamp of quality and value for money.

Men's Fashion, for example, has a huge range of casual jackets, trousers, sweaters, shirts and ties, all masculine and timeless. For the cutting edge of fashion, the Regent Street store has designer ranges from Gucci to Victor Victoria.

To attend the shopping day call 0171 573 9573. You will be asked to give your name, address, the branch you wish to visit and the number of invitations (admits two) you require. Lines are open daily until Saturday 11 November, 9am to 6pm.

Numbers at each participating store are limited, so to avoid disappointment call NOW.

Participating Liberty Branches:

London: Regent Street and Fenchurch Street; Bath: New Bond Street; Brighton: East Street; Bristol: The Galeries; Cambridge: Trinity Street; Cardiff: Bridge Street; Chester: The Promenade; Chester: High Street; Edinburgh: George Street; Exeter: High Street; Gloucester: C/o Army & Navy; Market Street; Glasgow: Buchanan Street; Kingston Church Street; Manchester: King Street; Newcastle: London Street; Oxford: High Street; Salisbury: Colchester Street; Southampton: Park Lane; Stratford: Bridge Street; York: Daughters.



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To enter our draw you must collect five differently numbered tokens from the seven being published in the Independent on Sunday and the Independent. One token must come from the Independent on Sunday. Today we publish Token 6, our final token plus the entry form will appear in tomorrow's Independent.



Rules

- To enter our Liberty prize draw, collect 5 differently numbered tokens (including one from the Independent on Sunday) and send with a completed entry form to: Independent Liberty Prize Draw, PO Box 250, Welwyn Garden City, Hertfordshire AL7 1TL. The closing date is 27 November 1995. We will post an entry form on Saturday 11 November.
- For previously published winners or an entry form sent on SAT to: Independent Liberty, PO Box 52, Welwyn Garden City, Hertfordshire AL7 1ST. State the amount of tokens you require (only 4 per application).

Please mark clearly on your envelope: TORSA REQUEST or ENTRY FORM. If you require both, please send separate SAE's. Requests must be received by first post 20 November 1995.

- Winners must co-operate for publicity purposes if required and accept that their names and photographs will be published in the paper.
- Photocopies of tokens and entry forms are not acceptable.
- Employees and agents of Newspaper Publishing Plc or those of any other national newspaper company or any firm connected with the promotion are not eligible to take part, neither are their relatives nor members of their families or households.

- The promoter reserves the right in their absolute discretion to disqualify any entry or competition, nominee, or to add to, or waive any rules.
- No correspondence will be entered into. Proof of postage will not be accepted as proof of receipt. The promoter will not take responsibility for entries lost or damaged in the post.
- The holiday must be taken before the end of March 1996. Airport tax and travellers are not included.
- There is no cash alternative.
- The Editor's decision is final.

Jockeys' right move goes wrong

Racing
JOHN COBB

Nothing causes more confusion on racecourses than the signalling to jockeys of a need to avoid a jump when there is an obstacle on the landing side. Yesterday, six jockeys, including the season's leading rider, Tony McCoy, and Mick Fitzgerald received seven-day suspensions from the stewards when their failure to follow the instructions for such an eventuality resulted in the customary charge.

The race that will cost McCoy and Fitzgerald rides in some important events was a modest selling hurdle, the least valuable race on any of yesterday's three cards. The final flight was dollyed off so that medics could care for the temporarily stricken jockey Michael Clarke, the rider of Assembly Dancer who fell on the first circuit of the track.

Ground staff waved the field to the left of the flight, but six riders, including McCoy on the first past the post, Little Hooligan, ignored the gestures and steered to the right of the hurdle. Jamie Osborne, showing the sort of confidence one should expect from such an experienced rider, elected to run to the left of the hurdle on the fifth home. Safe Secret. Three other runners, who were out of contention, followed him.

At the inevitable inquiry, the stewards found that the six riders who had steered to the right of the hurdle on the fifth home, were promoted to second, third and fourth. Explaining the lengthy suspensions, the stewards' secretary, William Nuneley, said: "The stewards took a very strong view about this case as there are clear instructions about staying to the left of a hurdle in these circumstances posted in the weighing room."

"They decided to give them seven days as they very nearly mowed down ambulance men and ground staff. The stewards felt they were all equally culpable and took it very seriously."

The six banned jockeys, who besides McCoy and Fitzgerald are Mark Richards, the conditional riders Guy Lewis and Tom Dascombe and the amateur Emily Jones, will miss meetings at Ascot, Aintree, Cheltenham, Huntingdon and Newbury's Hennessy meeting. Among the big-race mounts McCoy will miss are Straight Talk in Aintree's Becher Chase, while Fitzgerald will miss the ride on Travado in Huntingdon's Peterborough Chase.

"It's ridiculous," McCoy said. "The flags were just waving the flags and they didn't know which way they were pointing them. I'll talk to my agent, Dave Roberts, to see if I appeal against the severity of the ban. Fitzgerald would say only: "If I said what I thought you wouldn't be able to print it."

But Osborne was all smiles, saying: "I had no doubts I was right, it plainly says in the weighing room that you have got to go to the left when a hurdle is dollyed off. There was another incident at the beginning of the season and we all went left on that occasion."

Roy Brotherton, the trainer of Safe Secret, said: "When I saw the filly disappear I wondered where the hell Jamie had gone, but fair play to him, he got it absolutely right."

Little Hooligan's handler, Gordon Edwards, was philosophical. "Rules are rules and in this case it seems the stewards had little option but to disqualify my horse."

Ladbroke's profits fall, page 20

HUNTINGDON

12.45 General Jackie 1.15 Trippiano 1.45 Persian
12.50 Young Policy 4.00 Quiet Amusement

GOING: Good to Firm.
Hurdle - Firm (Good to Firm in places).
Racecourse is at junction of A1 and A401. Huntingdon railway station (service from London, King's Cross) is 1 mile away. A401, A505, A508, A509, A510, A511, A512, A513, A514, A515, A516, A517, A518, A519, A520, A521, A522, A523, A524, A525, A526, A527, A528, A529, A530, A531, A532, A533, A534, A535, A536, A537, A538, A539, A540, A541, A542, A543, A544, A545, A546, A547, A548, A549, A550, A551, A552, A553, A554, A555, A556, A557, A558, A559, A560, A561, A562, A563, A564, A565, A566, A567, A568, A569, A570, A571, A572, A573, A574, A575, A576, A577, A578, A579, A580, A581, A582, A583, A584, A585, A586, A587, A588, A589, A590, A591, A592, A593, A594, A595, A596, A597, A598, A599, A600, A601, A602, A603, A604, A605, A606, A607, A608, A609, A610, A611, A612, A613, A614, A615, A616, A617, A618, A619, A620, A621, A622, A623, A624, A625, A626, A627, A628, A629, A630, A631, A632, A633, A634, A635, A636, A637, A638, A639, A640, A641, A642, A643, A644, A645, A646, A647, A648, A649, A650, A651, A652, A653, A654, A655, A656, A657, A658, A659, A660, A661, A662, A663, A664, A665, A666, A667, A668, A669, A670, A671, 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sport

Why the FA banned George Graham

The Football Association yesterday published detailed findings of this summer's disciplinary commission which found the former Arsenal manager, George Graham, guilty of misconduct and suspended him from all football activity until 30 June 1996. The following are edited extracts from the commission's 'Statement of Reasons'.

Uniquely, for a disciplinary hearing, the procedure involved a prosecution case, presented by Brian Leveson QC for the FA, and a defence, conducted by Anthony Arledge QC for Graham. The charge concerned an alleged breach of Rule 26(a)(4) governing 'misconduct... or any improper behaviour likely to bring the game into disrepute'. It related to the transfers of Paal Lydersen from IK Start to Arsenal in November 1991 and John Jensen from Brondby to Arsenal in July 1992. The three members of the commission were: Geoff Thompson (chairman, Sheffield and Hallamshire FA), Gordon McKeag (Football League president) and John Reames (Lincoln City chairman).

The prosecution case

Mr Leveson put the charge, in summary, in three alternative ways:

- (1) most seriously, that Mr Graham had effectively conspired (with Mr Rune Hauge, a football agent) to make a personal profit from the Lydersen and Jensen deals;
- (2) that the payments arose out of or in connection with the transfers, and he knew that was so when he received them;
- (3) that the payments were connected to the transfers but Mr Graham did not realise this.

It was clear from Mr Arledge's final speech that he broadly accepted that it was helpful to look at the case on these bases.

The chronology of events

The chronology of events was subject to a considerable degree of agreement between the FA and Mr Graham.

(1) Transfer of Paal Lydersen

On 10 September 1991, there was a series of meetings in Oslo in relation to the proposed transfer of Paal Lydersen from IK Start to Arsenal. The first meeting took place at the SAS Airport Hotel between Messrs Stallemo, Hansen and Gillmuyden, representing IK Start and Mr Hauge.

Mr Hauge left this meeting to pick Mr Graham up from the airport. The parties then reconvened at the Cecil Hotel in central Oslo. There was a brief meeting between Messrs Hauge, Graham and Lydersen. This was followed by a meeting between Messrs Stallemo, Hansen, Gillmuyden, Graham and Hauge during which the transfer terms were negotiated.

An agreement between IK Start and Arsenal dated 6 November 1991 was signed by Messrs Hansen and Friar (Arsenal secretary, Ken Friar) on behalf of their respective clubs. The relevant terms in the agreement are that Arsenal agreed to pay IK Start £500,000, with an additional £100,000 if the player made 50 First Team appearances.

Under an agreement dated 12 November 1991, IK Start and Interclub Limited (a Quernsey based company registered in the British Virgin Islands in which Mr Hauge told us he had a third share of the ownership), the club agreed to pay to Interclub £310,000 "out of the transfer fee of £500,000". By a letter dated 5 December 1991, Arsenal instructed Barclays Bank, Finsbury Park branch, to transfer £500,000 to the account of IK Start at Pluss Bank in Kristiansund, Norway. This was received into Pluss Bank on 9 December 1991 and a payment of approximately £308,500 was

made out of the account on 13 December 1991 to the Barclays Bank Quernsey account of Interclub Limited.

(2) Transfer of John Jensen's registration

We had considerably less evidence in relation to the transfer of Jensen. An agreement between Brondby and Arsenal dated 14 July 1992, signed on behalf of their respective clubs by Messrs Bjerggaard and Friar, contains the terms of the transfer of Jensen's registration. Arsenal agreed to pay £1.57m. By a letter dated 22 July, Arsenal instructed Barclays Bank, Finsbury Park branch, to transfer £1.57m to the account of Brondby at Inter-Bank in Copenhagen, Denmark.

(3) The payments to Mr Graham

Mr Graham admitted in evidence that a few days before 23 December 1991 he received £140,500 in cash at a meeting with Mr Hauge in the bar of the Park Lane Hotel in London. Mr Graham also admitted to having received in the post at some time shortly before 19 August 1992 a banker's draft in the sum of £285,000 payable in his name under a compliments slip from Mr Hauge.

(4) Disclosure and payment to Arsenal

Mr Graham did not tell anyone connected with Arsenal about the payments until a meeting with Messrs Friar and Hill-Wood (Park Hill-Wood, Arsenal chairman) on 19 September 1994. Mr Graham transferred to Arsenal on 1 December 1994 the sum of £465,500. This represented the total received by him from Mr Hauge together with interest. A letter from the Iceland Revenue dated 22 April 1994 to Arsenal's accountants raised concerns about evidence that "coaching staff have received payments or moneys... which have been transferred from transfer fees paid by your client". This was discussed at a meeting on 26 April 1994, at which Messrs Friar, Graham and Burrows (Arsenal's chief scout) were present. Mr Burrows admitted at the meeting to having received money from Mr Hauge.

Findings of fact

Matters on which the FA's case rested included inference from findings in relation to proximity in time of the payments and the deals; the nature of the payments; the amounts concerned; the conduct of the negotiations and Mr Graham's dealings with the payments.

We heard evidence from Messrs Stallemo, Hansen, Friar and Hill-Wood for the FA and Messrs Graham and Hauge for Mr Graham. Mr Howard



GEORGE GRAHAM: Former Arsenal manager received £140,500 in cash in the bar of Park Lane Hotel



RUNE HAUGE: Norwegian football agent was the middle man in the two transfers that were investigated



JOHN JENSEN: Arsenal paid £1.57m. Hauge had a deal under which Brondby would get £750,000-£800,000



PAAL LYDERSEN: Arsenal paid £500,000, but the fee that was agreed with IK Start was only £215,000

Wilkinson [Leeds manager] also gave character evidence on behalf of Mr Graham.

The Jensen deal, as with the Lydersen deal, was borne originally of the relationship between Mr Burrows and Mr Hauge. Hauge gave evidence that he had secured Jensen as his client and also had an arrangement with Brondby whereby Hauge would keep for his or Interclub's own benefit any transfer fee amounts over 9m. Hauge (approximately £750,000-£800,000) was told. Hauge had both the selling club and the player with him. As he told us, this was a very strong position for him to be in.

As with the Jensen deal, Mr Hauge was at the centre of the Lydersen deal and it is important to reflect on what each witness thought Mr Hauge's role was. In relation to the IK Start representatives, we accept the evidence of Mr Stallemo and Mr Hansen that they believed Hauge had been acting in early discussions for Lydersen and Ar-

senal. Both cited having been shown a letter from Arsenal, a copy of which was not available to us, although Mr Friar recalled in evidence writing a letter of introduction at Mr Burrows's request. IK Start, however, wanted to deal with someone from Arsenal and that is why Mr Graham went to Oslo. Mr Graham gave evidence that in early negotiations with Hauge (i.e. before he went to Oslo), he thought Hauge was acting for both IK Start and Lydersen. Mr Graham gave evidence that he went to Oslo on 10 September 1991 having already agreed with Hauge a payment from Arsenal to IK Start of £500,000 for the transfer.

However, when the 10 September meeting commenced, negotiations started in the approximate "bid-offer" range of £160,000-£250,000. Mr Graham, despite having agreed a price of £500,000 with Hauge, supposedly on behalf of IK Start, and for which he had sought prior Arsenal Board au-

thority, negotiated at figures well under half this amount. The eventual figure agreed at the meeting was £215,000. Mr Graham did not tell IK Start about the £500,000. He did not tell them that he had negotiated a figure with Hauge which he told us he thought had been agreed on behalf of IK Start.

Mr Hauge gave evidence that the negotiations were all along in the region of £500,000-£600,000. We reject this in the light of the evidence of the other present at the meeting who gave evidence, including Mr Graham himself.

When asked by Mr Leveson what he thought he was doing when involved in this negotiation, Mr Graham said he was concerned to ensure that Arsenal did not pay more than £500,000, which might occur if the basic figure he was negotiating with IK Start was too high.

In support of the first formulation of the charge, Mr Leveson invited us to infer from these circumstances that there was a more "sinister" explanation than the one given by Mr Graham, namely that Mr Graham was effectively negotiating not only for Hauge's out but that he was also doing this pursuant to an arrangement whereby he himself would get a proportion. In this connection, Mr Leveson relied upon Mr Hansen's evidence of a telephone call from Hauge, in which Hauge (not Mr Graham) sought to explain that the amount on the transfer agreement dated 6 November 1991 would be £500,000, and not £215,000. Mr Hauge said this was for work permit reasons. Mr Leveson's case was that IK Start had to be given an explanation as to why the figure of £500,000 would appear and that we could infer a conspiracy between Mr Hauge and Mr Graham that Mr Hauge should make the call.

Mr Leveson also referred to the figures. The payment to Interclub from IK Start was

£310,000. We were told that from that a £25,000 payment to Lydersen had to be deducted, leaving £285,000. In rough terms and bearing in mind bank charges, £140,500 about half. We should note that, apart from the sum of £285,000 already referred to, Mr Hauge gave evidence that some further payment was made to Lydersen (according to Mr Hauge, £100,000) out of the £310,000. Mr Graham received £285,000 within five weeks of the Jensen deal. Mr Leveson submitted that after taking into consideration what Jensen was said by Mr Hauge to have received (some £200,000), this was about half the difference.

We find that at the 10 September meeting Hauge and Mr Graham failed to present a genuine picture to the IK Start representatives. However, we cannot make the leap - that Mr Leveson invited us to make - in order to find the first formulation proven. There are sufficient other factors to weaken any necessary inference that Mr Graham was doing this for his own benefit.

In relation to Lydersen, as Mr Hauge said, he controlled the player. He was the central figure and if his cut was inadequate he could kill the deal. We accept the evidence that, as with the majority of deals in continental Europe, Mr Hauge had to have his cut out of the transfer fee. A difference of £285,000 was felt by Hauge to be sufficient. But whether Hauge would be content with substantially less, especially if some payment perhaps of £100,000, would have to be made to Lydersen, is less clear. Mr Graham and Mr Hauge both gave evidence that Mr Graham had to ensure that Mr Hauge was happy with his cut. The way they went about this seems bizarre, but Mr Graham might have felt that he needed to maximise Hauge's share.

Mr Graham's behaviour in the Lydersen deal was difficult to understand, and the lack of disclosure either to IK Start or to Arsenal of the true position does him no credit. But this is not to say he must have dealt for his own benefit. We have to accept Mr Arledge's submissions that... we cannot be sure that Mr Graham's role in each deal was predetermined to line his own pocket. As we cannot be sure of the inference in relation to the Lydersen deal, we must also reject it in relation to the Jensen deal, when Mr Graham's involvement was less direct.

There was a close proximity between the payments and the deals. In relation to Lydersen, the negotiations took place on 10 September 1991. Mr Graham signed the player's contract on 8 November. He received £140,500 about six weeks later. The payment to Mr Graham was made less than three weeks after Arsenal had paid IK Start and less than two weeks after the receipt by Interclub of its share. In relation to Jensen, the transfer and player's contract were signed on 14 July 1992 (the latter was signed by Mr Graham) and within five weeks Mr Graham had received a banker's draft for £285,000. We were not given evidence as to when Brondby paid money over to Interclub but do know that Arsenal paid out on 22 July.

A football agent making such large payments in cash, or in the case of the banker's draft "near-cash" to the manager of a buying club so close to the conclusion of the deal and the payment of the transfer fee, is in our view an extraordinary sign of circumstances. When he met Mr Hauge in the bar at the Park Lane Hotel in December 1991, Mr Graham (on his own evidence) had handed £140,500 in £50 note bundles, which he placed in a briefcase. He had signed the player's contract just six weeks before. Again, within weeks after the Jensen deal,

he received what must have struck him as a very large sum of money. Mr Graham gave evidence about the payments being unsolicited. However, even if this is right, as a respected manager of a Premier League team and a senior figure in the League Managers' Association, we find that he must have known that some serious matter it was for him to be receiving this amount of money from an agent. When it happened for a second time after the Jensen deal, this must have struck him even more forcefully.

Mr Graham agreed in his evidence that it would be wrong to accept money from an agent directly connected with any Arsenal transfer. Both Mr Graham and Mr Hauge told us that the payments were made by Interclub on behalf of Mr Graham. Mr Hauge told us that Mr Graham was an agent on the European market. Mr Graham told us that he thought it was "because of the contacts I made him". (Hauge) said his business was doing very well and this was his way of showing his gratitude. He also told us that he did not declare the payments to Arsenal because he did not consider them to be connected to transfers. We do not accept this. We should state that this judgment is based on the evidence which we heard. We have placed no reliance on Mr Graham's allegedly inconsistent answers to the FAFL [Football Association Premier League] inquiry.

Mr Graham's evidence that he made only brief enquiries as to the reason for the payment and as to his satisfaction with the explanations given to him by Mr Hauge is, in our view, wholly unconvincing. When he received the bundles of cash in the Park Lane Hotel, he must have reflected on the fact that he had only recently succeeded in negotiating a cut for Mr Hauge in relation to the Lydersen deal. Similar thoughts must have occurred to him when he received another payment so soon after the Jensen deal.

Mr Graham's explanation for the payments is impossible to accept. Before the Lydersen deal, and certainly before the Jensen deal, Mr Hauge was, by his own admission, a very successful football agent with a very healthy bank account. We have no doubt therefore that when Mr Graham received each of the two payments he knew the reason for the receipt, namely that they arose directly out of or in connection with the two transfers. We are sure of this in relation to the Lydersen deal. It is equally compelling in relation to the Jensen payment. We are therefore satisfied that the second of Mr Leveson's formulations is proved. We are sure from the inferences we draw that Mr Graham must have known when he received them that these were payments arising out of or in connection with the transfers. This is, in our view, undoubtedly improper behaviour or conduct likely to bring the game into disrepute.

We totally reject any connection, as Mr Arledge sought to draw, between the payments and the Limgard deal. We further find no merit in this regard in Mr Arledge's submissions that Mr Graham's involvement in the Jensen deal was minimal and that what involvement he did have was to refuse to pay £2.2m and agree only £1.57m. We do not find it weakens the clear inference of Mr Graham's knowledge.

Also, we do not find any strength at all in the argument that the inference of the connection is weakened by the relationship between Messrs Graham and Hauge or the fact that Mr Graham did not strike any further deals with Hauge. The evidence in relation to the latter does no more than show that no suitable deal presented itself, at least so far as Mr Graham was concerned.

PICK OF THE DAY

Sunday Football

European Championship: Scotland v Czech Republic (12.30). Scotland, who reached an important stage in their campaign for the title, will play the Czechs in the semi-final round group B. Scotland, who are the favourites, will be looking to win the match. The Czechs, who are the underdogs, will be looking to draw the match. The match is expected to be a close one.

THIS WEEKEND

FOOTBALL: FA Cup first round, Exeter City v Notts County (12.30). Exeter City, who are the favourites, will be looking to win the match. Notts County, who are the underdogs, will be looking to draw the match. The match is expected to be a close one.

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020 225 1234

on TV fri 10 nov to sat 11 nov

FA reveals full details of Graham affair

GLENN MOORE
Football Correspondent

The Football Association went on the offensive yesterday as George Graham prepared to step up his appeal for public sympathy. Having sold his version of events surrounding the "bung" controversy to a tabloid newspaper, Graham is now to play his book about the affair on radio and television.

The FA, tired of Graham's self-styled martyrdom, yesterday responded by releasing its own version of events. It reads differently to Graham's. It is also a far more effective way of dealing

with the unabashed former Arsenal manager than another disreputable charge. Now the public can judge Graham directly. They may feel he escaped lightly.

The FA said it had "a right, and a responsibility" to set the record straight. The "Statement of Reasons" which it released was drawn up during the summer, after the disreputable charge which ended with Graham being banned from "all football activities" for one year.

Neither Graham, nor Arsenal, emerge with credit. Graham has contended that he thought the monies - £140,500 paid in cash in December 1993, and £285,000 paid by bankers' draft

the following August - were gifts from Rune Hauge, for Graham's assistance in helping to establish him as a major agent. But the statement notes the timing, and size of the payments, are too closely related to the Paal Lydersen and John Jensen transfers to be coincidental. It also questions the conduct of the deals.

In Lydersen's case Graham told Arsenal he would cost £500,000 plus £50,000 based on appearances. He then agreed a deal with IK Start for £215,000 - a differential of £285,000. On 5 December 1991 Arsenal paid Start £500,000 (Hauge having explained they needed a bigger figure for work permit reasons).

Start passed on £308,000 to Hauge's Channel Islands-based company, Interclub. Of that Lydersen received £25,000, leaving £283,000. Ten days later, in the Park Lane Hotel, Hauge handed roughly half to Graham in cash. "What a Christmas present - fantastic," thought Graham.

For eight months Hauge gave Graham no further money. Then Graham, through Hauge, bought Jensen from Brondby. Arsenal paid £1.57m; £750,800 of that went to Hauge. Jensen's cut was about £200,000 - leaving £550,600. A month later a banker's draft, for roughly half that amount, arrived in Graham's account. Coincidence?

Arsenal had no inkling of this until April 1994 when a letter arrived from the Inland Revenue suggesting one or more of their coaching staff had received "payments... which have emanated from transfer fees paid by [Arsenal]". At this point Steve Burrows was still being investigated by the Premier League. He is also still at Arsenal. Graham said nothing.

In September, with Hauge being investigated by the Norwegian tax authorities, and Arsenal's directors talking to Brondby's, Graham told Arsenal about the money. In December, with rumours increasing, he paid both "gifts", plus interest, to Arsenal. Why, one might wonder, did he not return the money to Hauge, unless he knew it had not been Hauge's to give.

Arsenal, with a Cup-Winners Cup still gleaming in the trophy room, said "thanks very much", and did nothing. Only when the Premier League inquiry was about to report did they act.

It is a grubby affair, and Graham has done the game no favours by raking over it once more. One last point to reiterate: the inquiry does not clear Graham of deliberately fiddling the deals. It merely says "we cannot be sure that Mr Graham's role in each deal was pre-determined to line his own pocket". Not proven, rather than not guilty.

The FA report, page 26

Signings leave exit door open for Ince

ADAM SZRETER

The latest episode in the adventures of Paul Ince in Italy saw Arsenal pulling out of any proposed acquisition of the England midfielder but his club, Internazionale, making two signings, thus leaving the exit door wide open for the former England midfielder.

Inter yesterday beat the Italian transfer deadline to sign the Brazilian striker Caio from São Paulo for around £3m, and they are also reported to have snapped the striker Marco Delvecchio for Roma's Marco Branca.

The transfer deadline only applies to players transferring within Italy, and therefore Ince will remain the subject of speculation as long as Newcastle, Blackburn, Middlesbrough, Spurs or anyone else shows an interest.

But Ince, apparently, will not be going to Highbury. Arsenal are thought to have been put off by his high salary requirements as well as the £7m fee. Peter Hill-Wood, their chairman, said: "Although we did show some interest in the player, that is no longer the case. We've totally pulled out."

As far as other offers are concerned, Inter's English coach, Roy Hodgson, said: "You have to remember in Italy the manager does not deal with transfers so I don't know what offers the club has received for Paul."

Ince's former employers, Manchester United, England's wealthiest club, are poised to go into the red because of their ground re-development. But Martin Edwards, the United chairman, said: "It will be a short-term exercise and profits are set to soar once the stadium capacity reaches a new peak of 55,000."

Shareholders will be told of the price of success at next month's annual meeting.

"Building the new grandstand was a major decision," Edwards said. "We have now spent something like £42m on the stadium in the last four years. That is £10m a year, which is a tremendous cost."

Chelsea were last night threatening to pull out of a £750,000 deal to sign the Republic of Ireland full-back Terry Phelan from Manchester City. Phelan has passed a medical, but a financial problem at the City end could put the deal on ice.

Newcastle yesterday paid £500,000 for Lincoln's 19-year-old striker Darren Huckerby. The Nottingham-born teenager has scored seven goals in only 28 league appearances for the Imps and has played in every Third Division match for the club this season.

The Football Association yesterday hit back at claims by the Wimbledon owner, Sam Hammam, that his club are being victimised by referees.

Ken Riddon, the FA's director of refereeing, revealed that, of the 11 reports made by Wimbledon manager Joe Kinnear on referees' performances in Premier League matches this season, 10 were adjudged to be either "very good" or "good", with only one said to be unsatisfactory. "It is ridiculous for this attack in the light of these overwhelmingly favourable reports from the club manager," Riddon said.

Crystal Palace are delaying Richard Shaw's £1.5m move to Coventry until they can sign a replacement. They are expected to pursue an interest in Sheffield Wednesday's Andy Pearce.

The veteran Wolves defender Eric Young has been called into the Wales squad for next week's final European Championship qualifying match in Albania. There is no place for David Ginola or Eric Cantona in the French squad for the decisive qualifier against Israel in Caen.



Destroyed: Devon Malcolm looks rueful after being hit for six by Adam Bacher in Kimberley yesterday

Photograph: Graham Chapman

England dig themselves into a hole

Cricket

MARTIN JOHNSON
reports from Kimberley
South Africa A 325-5 v England

If England travelled to this old prospecting town hoping to unearth a few pre-Test diamonds, all they mined from yesterday's performance was the kind of tacky bauble that will shortly be dropping out of a 30p Christmas cracker.

Facing their first meaningful opposition of the tour, England could have done without losing the toss in the kind of temperatures that would not have persuaded a lizard to venture outdoors without the Factor 15, and although England could also point to a flat pitch, it was not nearly as flat as they were.

Raymond Illingworth was an early visitor to the press box for a behind-the-arm view of Devon Malcolm purveying the new ball, which would have had the chairman purring with satisfaction had it not been for the absence of two fairly important ingredients - velocity and accuracy.

Idly flicking open the lid of someone's word processor, Ily was asked whether he was in-

tending to send a message home. "Not a bad idea," he muttered, watching Darren Gough bowl, if anything, even more erratically than Malcolm.

"How do you spell 'help'?" It was a toss-up as to which was the more rewarding. Observing Illingworth's expression when Malcolm was bowling or when he was presented with a plate of stone cold pickled fish in curry sauce for his lunch.

Malcolm did eventually pick up his second wicket of the tour with the second new ball, courtesy of a wide half-volley snicked to second slip when South Africa A were profligately tossing away wickets at the far end of the day. The close of play total of 325 for 5 was not a fair reflection of the home team's overall dominance.

This sort of thing was not easily forecast after England's encouraging victory in their previous game, but then again not many forecasts in Kimberley have turned out too well over the past couple of days. Having been assured by the locals that the next rainfall was due around March, and that England's arrival had sent Kimberley into something close to unbearable excitement, it was mildly amusing to see the players - who very

nearly outnumbered the spectators - dashing off for an early pickled fish luncheon under assault from a fierce electrical storm.

The home side's total was underpinned by an untroubled second-wicket partnership of 181 between Adam Bacher and Jacques Kallis, at just about a run a minute, with Bacher, nephew of the SA Cricket Board's managing director Ali, going on to make 116, and Kallis falling just short of his own century after his attempted sweep against Graeme Hick trickled back on to his stumps via glove and pad.

The closest Malcolm came to living up to Nelson Mandela's description of the "destroyer" came when Bacher hooked him for six into a food stall during a five-over spell of 0 for 36, while Kallis, just turned 20, confirmed his reputation as South Africa's brightest young batsman with an innings of high class timing and technique.

He should have been out for 78 when he advanced down the pitch to Mike Watkinson's off spin and missed, but as the ball also eluded Jack Russell, it went for four byes instead. England's fielding was pretty ordinary, although Graham Thor-

pe deserved some credit for the first of his two catches, pounced at a time when England's bowling did not exactly encourage the slip fielders to remain on full alert.

This catch was also the result of a negligent stroke to a wide half-volley, although Gough bowled slightly better as the day wore on, and Angus Fraser delivered his late wicket for his customary perseverance. Malcolm, though, remains a problem.

Whatever the pros and cons of the management going public with their criticisms, and there are probably more cons than pros, Malcolm's reluctance to accept advice does not go down too well on the back of a Test career of occasional demolition surrounded by long spells of profligacy. As the few people who have caught sight of the chairman's wallet can testify, Raymond takes rather a dim view of spendthrifts.

Mike Watkinson, poor, albeit finding turn to suggest the Africa's 18-year-old, Paul Adams, life uncomfortable for the land's batsmen, and spinning day was an over-rate so pitifully suited in a thoroughly 40 minutes overtime gree heat.

First day of four: South Africa A - England A. A.M. Bacher & Watkinson 181. J.H. Kallis & Hick. J.B. Cummins & Russell 181. J.Watkinson & Thorpe 181. L. Visser not out. 15 J. Parnham not out. Extras (b12, w2, nb13). Total (first 5: 30 overs). Rain: 1.35-2.15, 2.20-2.45. To bat: N. Bace, S.D. Jack, R. Illingworth. Bowling: Malcolm 16-1-10-14, 50-2; Fraser 10-3-55-1; Watkinson 10-3-55-1; Russell 10-3-55-1; Hick 10-3-55-1. To bat: N. Bace, S.D. Jack, R. Illingworth. Bowling: Malcolm 16-1-10-14, 50-2; Fraser 10-3-55-1; Watkinson 10-3-55-1; Russell 10-3-55-1; Hick 10-3-55-1. To bat: N. Bace, S.D. Jack, R. Illingworth. Bowling: Malcolm 16-1-10-14, 50-2; Fraser 10-3-55-1; Watkinson 10-3-55-1; Russell 10-3-55-1; Hick 10-3-55-1.

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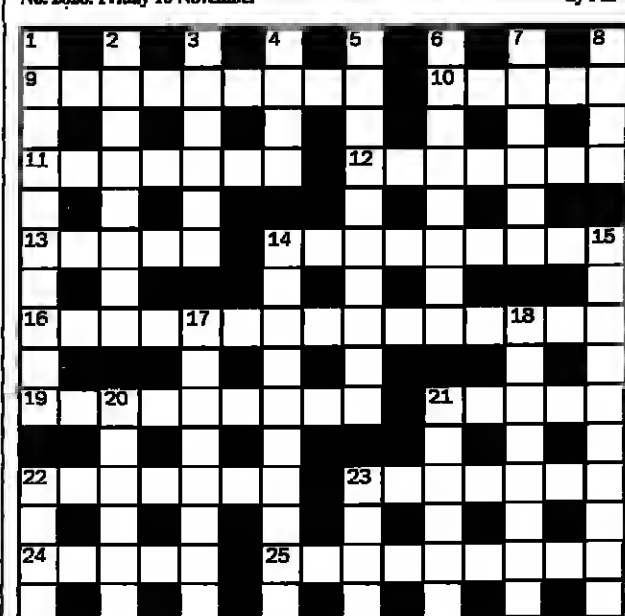
Friday 10 November 1995 Registered as a newspaper with the Post Office

THE INDEPENDENT CROSSWORD

No. 2528, Friday 10 November

By Phil

Thursday's Solution



- ACROSS**
- Great homage for business share (9)
 - Top secretary accepted by expert very quickly (5)
 - Pull fish backward into sheltered side of boat (7)
 - Fish that's healthy, according to Cockney mate (7)
 - Some hitch-hiker - A1 services - gets lift (5)
 - Nasty behavior needs reforming, steeped in repellent crimes (9)
 - Poet's denial of individualism, correcting statement about Irish Sea? (2,3,2,2,6)
 - Take the place of excellent top player, we hear (9)
 - Goggles - Schwarzenegger's favourite muscles (5)
 - Russos nne with a snake - this is important (7)
 - Sailor, embarrassed in embrace one, waited (7)

- DOWN**
- Dancers: all in *Sabre Dance* (10)
 - Conservative is restricted by most of grave error (8)
 - A spicy dish cheers man (6)
 - Booby-trapped ground, we hear, with care (4)
 - One Ian Craven undergones a change, hence not displaying this? (10)
 - Hardy heroine about the last word in insipidity? (8)
 - Ill-feeling engendered by vermin kidnapping a student (6)

- ACROSS**
- Simple game readily yields it (4)
 - Suspicious behaviour leads to prisons or ultimately - ultimately - hanging (10)
 - Teams give more - two-thirds of leg completed (1, e. leg not over?) (10)
 - Unexpectedly Larry won by a short head (8)
 - Drink that's suitable for bottling anger up? (8)
 - Statinn-worke farther to the left? (6)
 - Mostly angry argument leads in unhappiness (6)
 - Indifferent call for help attracts nothing (2-2)
 - Some crotchety person may be a 'character' (4)

Rugby Union

DAVID LLEWELLYN

The moment the game goes open the Rugby Football Union clam up and become coy about the size of their sponsorship deals. Everyone was left in the dark when the mobile phone company Cellnet were announced as England's elite sponsors at Twickenham yesterday.

One thing is certain, they are not talking telephone numbers: the four-year deal, with an option for a fifth, looks to be worth around £3.5m, but it is unlikely to make a fortune for the players. It is now estimated that the most they can make in the season looks to be around £20,000, with a basic £15,000 for promotional work and the rest coming in the form of match fees. That is a lot less than the

projected £40,000 being bandied around in the summer.

But there is scope for more cash to come in because Cellnet is just the first of around half a dozen companies who are looking to line English pockets.

Cellnet has adopted a bizarre stance over the deal. Originally bids were invited for sponsors to have their logo added to the England shirt. According to the RFU secretary, Tony Hallett, Cellnet, who also sponsor Middlesbrough Football Club, have cashed the exposure the shirt deal offered and instead have opted to put their name to England's training kit and a range of leisurewear for the players.

Will Carling, the English captain, welcomed the deal but made it clear he had not negotiated with the RFU for a larger piece of the action because of his position. "I've never

thought of negotiating anything separately," Carling said.

The England fly-half Mike Catt is out of the Bath team who travel to Sale tomorrow. His absence will be a source of concern to the England manager Jack Rowell, who said as much when Catt was unable to take part in Tuesday's training session because of an ankle injury. The National Clubs' Association executive committee was unable to decide yesterday whether there should be any relegation at the end of the season when the Second Division increases from 10 to 14 clubs and the Third Division has 16 sides instead of 10. The matter will now go to an emergency general meeting of the NCA on 10 December and its recommendation will be considered by the RFU's competitions sub committee on 14 December.

China's crisis with etiquette

Golf

The Chinese cheekily claim to have invented The Royal & Ancient game of golf, but the game's etiquette is taking many of them a bit longer to grasp if yesterday's over-enthusiastic gallery, who turned up for the World Cup in Shenzhen, is anything to go by.

The first major tournament to be held in China, a country of 1.3bn people, was disrupted as pagets and mobile phones

frequently broke the silence as golfers stood over their putts and fans did not understand why they had to stay within the boundary ropes.

"I think a lot of them thought we had in it between the ropes," joked the American Davis Love, who is leading the tournament with Fred Couples after a first-round score of 133. "It is the first time a big event like this has been held in China and we will have to be patient."

Sweden are three shots behind the United States with

Scotland's Sam Torrance and Andrew Coltart lying joint third after a combined six-under-par total of 138.

China, which banned golf after the Cultural Revolution calling it a "decadent Western pastime", started to embrace the sport again in 1985 and they have 20 courses.

The Chinese are also spreading the word that a similar game, known as chui-wan, was played on the mainland as early as 943 AD.

Scores, Sporting Digest, page 27

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